Article - Tax - Property

§7–504.3.

(a) (1) In this section the following words have the meanings indicated.

(2) "Economic development project" means a real estate development project for which a payment in lieu of taxes agreement was entered into prior to June 30, 1999, in accordance with former § 7–504.1 of this subtitle as enacted by Chapter 403 of the Acts of 1996, or that consists of newly constructed or rehabilitated commercial or multifamily residential property if the real estate development project:

(i) had a certificate of occupancy as of January 1, 1999 or will have a certificate of occupancy issued on or after January 1, 1999; and

(ii) includes at least one of the following:

1. a hotel that:

A. provides at least 100 full–time equivalent job opportunities; and

B. has a private capital investment of equity and debt combined of at least $20,000,000;

2. an office building that:

A. provides at least 150 full–time equivalent job opportunities; and

B. has a private capital investment of equity and debt combined of at least $20,000,000;

3. a retail facility that:

A. provides at least 100 full–time equivalent job opportunities; and

B. has a private capital investment of equity and debt combined of at least $10,000,000;

4. a multifamily residential facility that has a private capital investment of equity and debt combined of at least $5,000,000;

5. an off–street parking facility that:

A. contains at least 250 parking spaces; and

B. has a private capital investment of equity and debt

combined of at least $2,500,000; or

6. a mixed–use facility that contains one or more of the facilities described in items 1 through 5 of this item, at least one of which satisfies the minimum criteria set forth in item 1, 2, 3, 4, or 5 of this item.

(b) An economic development project is exempt or partially exempt from Baltimore City real property tax if:

(1) the owner or owners of the economic development project demonstrate to the satisfaction of the Board of Estimates of Baltimore City:

(i) that the City of Baltimore or its designated agency has conducted an economic analysis of the project including:

1. a detailed description of the project and the development budget including the identification of all sources of debt and equity financing;

2. a multiyear cash flow proforma of the project detailing all incoming and outgoing cash flow including revenues, operating expenses, debt service, taxes, capital expenditures and any other cash outlays;

3. the projected return on investment for the owner;

4. a determination that the project is an economic development project meeting the requirements of this section; and

5. any other relevant analysis;

(ii) the public benefit that the project will provide, including:

1. the number of jobs expected to be created, directly or indirectly, as a result of the project and the percentage of those jobs expected to be held by residents of Baltimore City;

2. the wage rates and benefit packages for the jobs expected to be created;

3. other tax revenues of Baltimore City, exclusive of real property taxes, that the project is expected to generate during the term of the payment in lieu of taxes agreement, including admissions and amusement, personal property, hotel, parking, utility, and other taxes;

4. the encouragement of economic development;

5. the general promotion and improvement of Baltimore City and its facilities; and

6. any other relevant benefits;

(iii) the financial necessity for an exemption as authorized under this section; and

(iv) that the private capital being invested in the economic development project includes an equity investment that is:

1. commensurate with the overall undertaking; and

2. A. at least 10% of the combined equity and debt investment in the case of a hotel facility or an office building facility; or

B. at least $250,000 in the case of a multifamily residential facility or an off–street parking facility;

(2) the Mayor and City Council of Baltimore City have authorized the project by a resolution that stipulates that the project will not involve gambling activities:

(i) beyond those gambling activities allowed by law as of January 1, 1999; or

(ii) related to any game not authorized by the Maryland State Lottery;

(3) the owner or owners of the economic development project and the Baltimore City Board of Estimates enter into a payment in lieu of taxes agreement specifying:

(i) an amount that the owner or owners shall pay to Baltimore City each year in lieu of the payment of Baltimore City real property taxes during the term of the agreement that is not less than:

1. except as provided in item 3 of this item, for an economic development project that is newly constructed or rehabilitated commercial or multifamily property, the sum of the taxes on the property before the construction or rehabilitation of the project and 5% of the Baltimore City real property taxes related to the economic development project that would have otherwise been due absent the agreement;

2. except as provided in item 3 of this item, for an economic development project that was the subject of a payment in lieu of taxes agreement prior to June 30, 1999, in accordance with former § 7–504.1 of this subtitle as enacted by Chapter 403 of the Acts of 1996, 5% of the Baltimore City real property taxes related to the economic development project that would have otherwise been due absent the agreement; or

3. for an economic development project for which a building permit is issued prior to September 30, 1999, the taxes on the property before the

construction or rehabilitation of the project;

(ii) the term of the agreement, not to exceed 25 years from the date a certificate of occupancy for the project is issued; and

(iii) that each year after the expiration of the agreement, full property taxes shall be payable on the property; and

(4) prior to or no later than 18 months from the date of entering into the payment in lieu of taxes agreement, construction of the project has commenced and all conditions for the financing required for the construction of the project have been satisfied or waived.

(c) An economic development project is exempt or partially exempt from Baltimore City real property tax as the parties agree under subsection (b) of this section.

(d) On or before January 1 of each year, the City of Baltimore or its designated agency shall report to the President of the City Council of Baltimore and, subject to § 2–1246 of the State Government Article, to the General Assembly of Maryland:

(1) a description of each project for which the City entered into a payment in lieu of taxes agreement under this section during the prior fiscal year, including a statement of the analysis of the project described in subsection (b)(1) of this section; and

(2) for those projects that have a payment in lieu of taxes agreement and for which construction or rehabilitation has been completed:

(i) the number and types of jobs created during the preceding fiscal year and estimated to be created during the following fiscal year;

(ii) the total taxes that the project is estimated to have generated, directly and indirectly, for the City of Baltimore during the preceding fiscal year and estimated to be generated during the following fiscal year; and

(iii) any other economic benefits of the project.