

HOUSE BILL 559
EMERGENCY BILL

Unofficial Copy
Q2

1999 Regular Session
(9r1364)

ENROLLED BILL
-- Ways and Means/Budget and Taxation --

Introduced by **Delegate Rawlings**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
____ day of _____ at _____ o'clock, ____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Baltimore City - Property Tax - Exemption for ~~New Construction of~~**
3 **~~Commercial and Multifamily Residential Property~~ Economic Development**
4 **Projects**

5 FOR the purpose of providing for a certain exemption from county property tax for
6 certain ~~newly constructed commercial and multifamily residential property~~
7 economic development projects located in certain urban renewal areas in certain
8 parts of Baltimore City; providing a certain tax exemption for certain existing
9 commercial property; setting forth certain requirements in order to qualify for
10 the property tax exemption; defining a certain ~~term~~ terms; requiring a certain
11 report; stating the intent of the General Assembly; making this Act an emergency
12 measure; and generally relating to a property tax exemption for certain property
13 located in Baltimore City.

14 BY adding to
15 Article - Tax - Property
16 Section 7-504.3 and 7-504.4

1 Annotated Code of Maryland
2 (1994 Replacement Volume and 1998 Supplement)

3 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
4 MARYLAND, That the Laws of Maryland read as follows:

5 **Article - Tax - Property**

6 7-504.3.

7 (A) (1) IN THIS SECTION; THE FOLLOWING WORDS HAVE THE MEANINGS
8 INDICATED.

9 (2) "ECONOMIC DEVELOPMENT PROJECT" MEANS A REAL ESTATE
10 DEVELOPMENT PROJECT CONSISTING FOR WHICH A PAYMENT IN LIEU OF TAXES
11 AGREEMENT WAS ENTERED INTO PRIOR TO JUNE 30, 1999, IN ACCORDANCE WITH §
12 7-504.1 OF THIS SUBTITLE OR THAT CONSISTS OF NEWLY CONSTRUCTED OR
13 REHABILITATED COMMERCIAL OR MULTIFAMILY RESIDENTIAL PROPERTY THAT IF
14 THE REAL ESTATE DEVELOPMENT PROJECT:

15 (I) HAS OR WILL HAD A CERTIFICATE OF OCCUPANCY AS OF
16 JANUARY 1, 1999 OR WILL HAVE RECEIVE A CERTIFICATE OF OCCUPANCY ISSUED ON
17 OR AFTER JANUARY 1, 1999;

18 (II) IS LOCATED ON ONE OR MORE PARCELS OF LAND, ALL OF
19 WHICH ARE SITUATED IN AN URBAN RENEWAL AREA; AND

20 (III) INCLUDES AT LEAST ONE OF THE FOLLOWING:

21 1. A HOTEL THAT:

22 A. PROVIDES AT LEAST 100 FULL-TIME EQUIVALENT JOB
23 OPPORTUNITIES; AND

24 B. HAS A PRIVATE CAPITAL INVESTMENT OF EQUITY AND
25 DEBT COMBINED OF AT LEAST \$20,000,000;

26 2. AN OFFICE BUILDING THAT:

27 A. PROVIDES AT LEAST 150 FULL-TIME EQUIVALENT JOB
28 OPPORTUNITIES; AND

29 B. HAS A PRIVATE CAPITAL INVESTMENT OF EQUITY AND
30 DEBT COMBINED OF AT LEAST \$20,000,000;

31 3. A RETAIL FACILITY THAT:

32 A. PROVIDES AT LEAST 100 FULL-TIME EQUIVALENT JOB
33 OPPORTUNITIES; AND

1 B. HAS A PRIVATE CAPITAL INVESTMENT OF EQUITY AND
 2 DEBT COMBINED OF AT LEAST \$10,000,000;

3 4. A MULTIFAMILY RESIDENTIAL FACILITY THAT HAS A
 4 PRIVATE CAPITAL INVESTMENT OF EQUITY AND DEBT COMBINED OF AT LEAST
 5 \$5,000,000;

6 5. AN OFF-STREET PARKING FACILITY THAT:

7 A. CONTAINS AT LEAST 250 PARKING SPACES; AND

8 B. HAS A PRIVATE CAPITAL INVESTMENT OF EQUITY AND
 9 DEBT COMBINED OF AT LEAST \$2,500,000; OR

10 6. A MIXED-USE FACILITY THAT CONTAINS ONE OR MORE OF
 11 THE FACILITIES DESCRIBED IN ITEMS 1 THROUGH 5 OF THIS ITEM, AT LEAST ONE OF
 12 WHICH SATISFIES THE MINIMUM CRITERIA SET FORTH IN ITEM 1, 2, 3, 4, OR 5 OF THIS
 13 ITEM.

14 (3) "URBAN RENEWAL AREA" MEANS THE FOLLOWING URBAN RENEWAL
 15 AREAS SO DESIGNATED BY URBAN RENEWAL ORDINANCES ENACTED BY THE MAYOR
 16 AND CITY COUNCIL OF BALTIMORE UNDER THE BALTIMORE CITY CHARTER:

- 17 (1) CAMDEN STATION AREA;
 18 (2) CHARLES CENTER;
 19 (3) FINANCIAL DISTRICT;
 20 (4) HARBOR CAMPUS;
 21 (5) INNER HARBOR EAST;
 22 (6) INNER HARBOR ~~PROJECT~~ PROJECT 1;
 23 (7) ~~INNER HARBOR PROJECT I A~~;
 24 (8) INNER HARBOR WEST;
 25 (9) MARKET CENTER;
 26 (10) MARKET CENTER WEST; ~~AND~~
 27 (11) MUNICIPAL CENTER-; AND
 28 (12) KEY HIGHWAY.

29 (B) ~~REAL PROPERTY THAT IS NEWLY CONSTRUCTED COMMERCIAL OR~~
 30 ~~MULTIFAMILY RESIDENTIAL PROPERTY FOR WHICH A CERTIFICATE OF OCCUPANCY~~
 31 ~~IS OR WILL BE ISSUED ON OR AFTER JANUARY 1, 1999, IS EXEMPT FROM BALTIMORE~~
 32 ~~CITY PROPERTY TAX IF:~~

1 (1) ~~THE REAL PROPERTY IS LOCATED IN AN URBAN RENEWAL AREA;~~

2 (2) ~~THE REAL PROPERTY IS OWNED BY A PERSON OR ENTITY WHO,~~
3 ~~ALONE OR IN CONCERT WITH OTHERS:~~

4 (1) ~~IS ENGAGED IN CONSTRUCTING AND OPERATING, ON ONE OR~~
5 ~~MORE PARCELS OF THE REAL PROPERTY, A PROJECT PRIMARILY USED, INCLUDING~~
6 ~~RELATED FACILITIES, AS:~~

7 1. ~~A HOTEL;~~

8 2. ~~AN OFFICE BUILDING;~~

9 3. ~~A RETAIL FACILITY;~~

10 4. ~~A MULTIFAMILY RESIDENTIAL STRUCTURE; OR~~

11 5. ~~A PARKING FACILITY;~~

12 (II) ~~INVESTS A MINIMUM OF \$10,000,000 OF PRIVATE CAPITAL IN~~
13 ~~THE DEVELOPMENT; AND~~

14 (III) ~~DEMONSTRATES TO THE SATISFACTION OF THE BOARD OF~~
15 ~~ESTIMATES OF BALTIMORE CITY:~~

16 1. ~~THE FINANCIAL NECESSITY FOR AN EXEMPTION AS~~
17 ~~AUTHORIZED BY THIS SECTION; AND~~

18 2. ~~THE PUBLIC BENEFIT THAT THE PROJECT WILL PROVIDE,~~
19 ~~INCLUDING:~~

20 A. ~~THE ENCOURAGEMENT OF ECONOMIC DEVELOPMENT;~~

21 B. ~~THE CREATION OF JOB OPPORTUNITIES; AND~~

22 C. ~~THE GENERAL PROMOTION AND IMPROVEMENT OF~~
23 ~~BALTIMORE CITY AND ITS FACILITIES;~~

24 (3) ~~THE MAYOR AND CITY COUNCIL OF BALTIMORE HAVE AUTHORIZED~~
25 ~~THE PROJECT BY A RESOLUTION STIPULATING THAT THE PROJECT WILL NOT~~
26 ~~INVOLVE GAMBLING ACTIVITIES BEYOND THOSE GAMBLING ACTIVITIES ALLOWED~~
27 ~~BY LAW AS OF JANUARY 1, 1998; AND~~

28 (4) ~~THE OWNER OF THE REAL PROPERTY AND THE BALTIMORE CITY~~
29 ~~BOARD OF ESTIMATES ENTER INTO A PAYMENT IN LIEU OF TAXES AGREEMENT~~
30 ~~SPECIFYING ANY AMOUNT THAT THE OWNER SHALL PAY TO BALTIMORE CITY IN~~
31 ~~LIEU OF THE PAYMENT OF BALTIMORE CITY PROPERTY TAXES.~~

32 (C) ~~REAL PROPERTY DESCRIBED IN SUBSECTION (A) OF THIS SECTION IS~~
33 ~~EXEMPT FROM BALTIMORE CITY PROPERTY TAX AS THE PARTIES AGREE UNDER~~
34 ~~SUBSECTION (B) OF THIS SECTION.~~

1 (B) AN ECONOMIC DEVELOPMENT PROJECT IS EXEMPT OR PARTIALLY
2 EXEMPT FROM BALTIMORE CITY REAL PROPERTY TAX IF:

3 (1) THE OWNER OR OWNERS OF THE ECONOMIC DEVELOPMENT
4 PROJECT DEMONSTRATE TO THE SATISFACTION OF THE BOARD OF ESTIMATES OF
5 BALTIMORE CITY:

6 (I) THAT THE CITY OF BALTIMORE OR ITS DESIGNATED AGENCY
7 HAS CONDUCTED AN ECONOMIC ANALYSIS OF THE PROJECT INCLUDING:

8 1. A DETAILED DESCRIPTION OF THE PROJECT AND THE
9 DEVELOPMENT BUDGET INCLUDING THE IDENTIFICATION OF ALL SOURCES OF
10 DEBT AND EQUITY FINANCING;

11 2. A ~~MULTI-YEAR~~ MULTIYEAR CASH FLOW PROFORMA OF
12 THE PROJECT DETAILING ALL INCOMING AND OUTGOING CASH FLOW INCLUDING
13 REVENUES, OPERATING EXPENSES, DEBT SERVICE, TAXES, CAPITAL EXPENDITURES
14 AND ANY OTHER CASH OUTLAYS;

15 3. THE PROJECTED RETURN ON INVESTMENT FOR THE
16 OWNER;

17 4. A DETERMINATION THAT THE PROJECT IS AN ECONOMIC
18 DEVELOPMENT PROJECT MEETING THE REQUIREMENTS OF THIS SECTION; AND

19 5. ANY OTHER RELEVANT ANALYSIS;

20 (II) THE PUBLIC BENEFIT THAT THE PROJECT WILL PROVIDE,
21 INCLUDING:

22 1. THE NUMBER OF JOBS EXPECTED TO BE CREATED,
23 DIRECTLY OR INDIRECTLY, AS A RESULT OF THE PROJECT AND THE PERCENTAGE OF
24 THOSE JOBS EXPECTED TO BE HELD BY CITY OF BALTIMORE RESIDENTS
25 RESIDENTS OF BALTIMORE CITY;

26 2. THE WAGE RATES AND BENEFIT PACKAGES FOR THE JOBS
27 EXPECTED TO BE CREATED;

28 3. OTHER CITY OF BALTIMORE TAX REVENUES TAX
29 REVENUES OF BALTIMORE CITY, EXCLUSIVE OF REAL PROPERTY TAXES, THAT THE
30 PROJECT IS EXPECTED TO GENERATE DURING THE TERM OF THE PAYMENT IN LIEU
31 OF TAXES AGREEMENT, INCLUDING ADMISSIONS AND AMUSEMENT, PERSONAL
32 PROPERTY, HOTEL, PARKING, UTILITY, AND OTHER TAXES;

33 4. THE ENCOURAGEMENT OF ECONOMIC DEVELOPMENT;

34 5. THE GENERAL PROMOTION AND IMPROVEMENT OF
35 BALTIMORE CITY AND ITS FACILITIES; AND

36 6. ANY OTHER RELEVANT BENEFITS;

1 (III) THE FINANCIAL NECESSITY FOR AN EXEMPTION AS
 2 AUTHORIZED UNDER THIS SECTION; AND

3 (IV) THAT THE PRIVATE CAPITAL BEING INVESTED IN THE
 4 ECONOMIC DEVELOPMENT PROJECT INCLUDES AN EQUITY INVESTMENT THAT IS:

5 1. COMMENSURATE WITH THE OVERALL UNDERTAKING;
 6 AND

7 2. A. AT LEAST \$500,000 EXCEPT IN THE CASE OF A
 8 MULTI-FAMILY RESIDENTIAL FACILITY OR AN OFF-STREET PARKING FACILITY 10%
 9 OF THE COMBINED EQUITY AND DEBT INVESTMENT IN THE CASE OF A HOTEL
 10 FACILITY OR AN OFFICE BUILDING FACILITY; OR

11 B. AT LEAST \$250,000 IN THE CASE OF A MULTI-FAMILY
 12 MULTIFAMILY RESIDENTIAL FACILITY OR AN OFF-STREET PARKING FACILITY;

13 (2) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY HAVE
 14 AUTHORIZED THE PROJECT BY A RESOLUTION STIPULATING THAT STIPULATES
 15 THAT THE PROJECT WILL NOT INVOLVE GAMBLING ACTIVITIES:

16 (I) BEYOND THOSE GAMBLING ACTIVITIES ALLOWED BY LAW AS
 17 OF JANUARY 1, 1998; 1999; OR

18 (II) RELATED TO ANY GAME NOT AUTHORIZED BY THE MARYLAND
 19 STATE LOTTERY; AND

20 (3) THE OWNER OR OWNERS OF THE ECONOMIC DEVELOPMENT
 21 PROJECT AND THE BALTIMORE CITY BOARD OF ESTIMATES ENTER INTO A PAYMENT
 22 IN LIEU OF TAXES AGREEMENT SPECIFYING:

23 (I) AN AMOUNT THAT IS NOT LESS THAN THE TAXES ON THE
 24 PROPERTY BEFORE THE CONSTRUCTION OR REHABILITATION OF THE PROJECT,
 25 THAT THE OWNER OR OWNERS SHALL PAY TO BALTIMORE CITY EACH YEAR IN LIEU
 26 OF THE PAYMENT OF BALTIMORE CITY REAL PROPERTY TAXES DURING THE TERM
 27 OF THE AGREEMENT;

28 (I) AN AMOUNT THAT THE OWNER OR OWNERS SHALL PAY TO
 29 BALTIMORE CITY EACH YEAR IN LIEU OF THE PAYMENT OF BALTIMORE CITY REAL
 30 PROPERTY TAXES DURING THE TERM OF THE AGREEMENT THAT IS NOT LESS THAN:

31 1. EXCEPT AS PROVIDED IN ITEM 3 OF THIS ITEM, FOR AN
 32 ECONOMIC DEVELOPMENT PROJECT THAT IS NEWLY CONSTRUCTED OR
 33 REHABILITATED COMMERCIAL OR MULTIFAMILY PROPERTY, THE SUM OF THE
 34 TAXES ON THE PROPERTY BEFORE THE CONSTRUCTION OR REHABILITATION OF
 35 THE PROJECT AND 5% OF THE BALTIMORE CITY REAL PROPERTY TAXES RELATED TO
 36 THE ECONOMIC DEVELOPMENT PROJECT THAT WOULD HAVE OTHERWISE BEEN DUE
 37 ABSENT THE AGREEMENT;

1 2. EXCEPT AS PROVIDED IN ITEM 3 OF THIS ITEM, FOR AN
 2 ECONOMIC DEVELOPMENT PROJECT THAT WAS THE SUBJECT OF A PAYMENT IN
 3 LIEU OF TAXES AGREEMENT PRIOR TO JUNE 30, 1999, IN ACCORDANCE WITH § 7-504.1
 4 OF THIS SUBTITLE, 5% OF THE BALTIMORE CITY REAL PROPERTY TAXES RELATED TO
 5 THE ECONOMIC DEVELOPMENT PROJECT THAT WOULD HAVE OTHERWISE BEEN DUE
 6 ABSENT THE AGREEMENT; OR

7 3. FOR AN ECONOMIC DEVELOPMENT PROJECT FOR WHICH
 8 A BUILDING PERMIT IS ISSUED PRIOR TO SEPTEMBER 30, 1999, THE TAXES ON THE
 9 PROPERTY BEFORE THE CONSTRUCTION OR REHABILITATION OF THE PROJECT;

10 (II) THE TERM OF THE AGREEMENT, NOT TO EXCEED 25 YEARS
 11 FROM THE DATE A CERTIFICATE OF OCCUPANCY FOR THE PROJECT IS ISSUED; AND

12 (III) THAT EACH YEAR AFTER THE EXPIRATION OF THE
 13 AGREEMENT, FULL PROPERTY TAXES SHALL BE PAYABLE ON THE PROPERTY; AND

14 (4) PRIOR TO OR NO LATER THAN 18 MONTHS FROM THE DATE OF
 15 ENTERING INTO THE PAYMENT IN LIEU OF TAXES AGREEMENT, CONSTRUCTION OF
 16 THE PROJECT HAS COMMENCED AND ALL CONDITIONS FOR THE FINANCING
 17 REQUIRED FOR THE CONSTRUCTION OF THE PROJECT HAVE BEEN SATISFIED OR
 18 WAIVED.

19 (C) AN ECONOMIC DEVELOPMENT PROJECT IS EXEMPT OR PARTIALLY
 20 EXEMPT FROM BALTIMORE CITY REAL PROPERTY TAX AS THE PARTIES AGREE
 21 UNDER SUBSECTION (B) OF THIS SECTION.

22 (D) ON OR BEFORE JANUARY 1 OF EACH YEAR, THE CITY OF BALTIMORE OR
 23 ITS DESIGNATED AGENCY SHALL REPORT TO THE PRESIDENT OF THE CITY COUNCIL
 24 OF BALTIMORE AND, SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, TO
 25 THE GENERAL ASSEMBLY OF MARYLAND:

26 (1) A DESCRIPTION OF EACH PROJECT FOR WHICH THE CITY ENTERED
 27 INTO A PAYMENT IN LIEU OF TAXES AGREEMENT UNDER THIS SECTION DURING THE
 28 PRIOR FISCAL YEAR, INCLUDING A STATEMENT OF:

29 (I) THE BASIS ON WHICH EACH PROJECT MET THE
 30 REQUIREMENTS SET FORTH IN SUBSECTION (A)(3) OF THIS SECTION; AND

31 (II) THE ANALYSIS OF THE PROJECT DESCRIBED IN SUBSECTION
 32 (B)(1) OF THIS SECTION; AND

33 (2) FOR THOSE PROJECTS THAT HAVE A PAYMENT IN LIEU OF TAXES
 34 AGREEMENT AND FOR WHICH CONSTRUCTION OR REHABILITATION HAS BEEN
 35 COMPLETED:

36 (I) THE NUMBER AND TYPES OF JOBS CREATED DURING THE
 37 PRECEDING FISCAL YEAR AND ESTIMATED TO BE CREATED DURING THE
 38 FOLLOWING FISCAL YEAR;

1 (II) THE TOTAL TAXES THAT THE PROJECT IS ESTIMATED TO HAVE
 2 GENERATED, DIRECTLY AND INDIRECTLY, FOR THE CITY OF BALTIMORE DURING THE
 3 PRECEDING FISCAL YEAR AND ESTIMATED TO BE GENERATED DURING THE
 4 FOLLOWING FISCAL YEAR; AND

5 (III) ANY OTHER ECONOMIC BENEFITS OF THE PROJECT.

6 ~~7-504.4.~~

7 ~~AN OWNER OF A COMMERCIAL OFFICE BUILDING AS OF JANUARY 1, 1999 MAY~~
 8 ~~APPLY FOR AN EXEMPTION FROM BALTIMORE CITY TAXES IF:~~

9 (1) ~~THE OWNER INVESTS A MINIMUM OF \$5,000,000 IN PRIVATE CAPITAL~~
 10 ~~FOR IMPROVEMENTS TO THE EXISTING OFFICE BUILDING;~~

11 (2) ~~THE OFFICE BUILDING IS LOCATED IN AN URBAN RENEWAL AREA;~~
 12 ~~AND~~

13 (3) ~~THE OWNER DEMONSTRATES TO THE SATISFACTION OF THE BOARD~~
 14 ~~OF ESTIMATES OF BALTIMORE CITY;~~

15 (4) ~~THE FINANCIAL NECESSITY FOR AN EXEMPTION; AND~~

16 (4) ~~THE PUBLIC BENEFIT THE IMPROVEMENTS WILL PROVIDE.~~

17 ~~SECTION 2. AND BE IT FURTHER ENACTED, That it is the intent of the~~
 18 ~~General Assembly that the Baltimore City Board of Estimates shall consistently apply~~
 19 ~~equitable and nondiscriminatory criteria when determining which economic~~
 20 ~~development projects qualify for a payment in lieu of taxes.~~

21 SECTION ~~2.~~ 3. AND BE IT FURTHER ENACTED, That this Act is an
 22 emergency measure, is necessary for the immediate preservation of the public health
 23 and safety, has been passed by a ye and nay vote supported by three-fifths of all the
 24 members elected to each of the two Houses of the General Assembly, and shall take
 25 effect from the date it is enacted.