

HOUSE BILL 559
EMERGENCY BILL

Unofficial Copy
Q2

1999 Regular Session
9r1364
CF 9r1507

By: **Delegate Rawlings**

Introduced and read first time: February 11, 1999

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted with floor amendments

Read second time: March 24, 1999

CHAPTER _____

1 AN ACT concerning

2 **Baltimore City - Property Tax - Exemption for New Construction of**
3 **Commercial and Multifamily Residential Property**

4 FOR the purpose of providing for a certain exemption from county property tax for
5 certain newly constructed commercial and multifamily residential property
6 located in certain urban renewal areas in certain parts of Baltimore City;
7 providing a certain tax exemption for certain existing commercial property;
8 setting forth certain requirements in order to qualify for the property tax
9 exemption; defining a certain term; making this Act an emergency measure; and
10 generally relating to a property tax exemption for certain property located in
11 Baltimore City.

12 BY adding to
13 Article - Tax - Property
14 Section 7-504.3 and 7-504.4
15 Annotated Code of Maryland
16 (1994 Replacement Volume and 1998 Supplement)

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

19 **Article - Tax - Property**

20 7-504.3.

21 (A) (1) IN THIS SECTION, THE FOLLOWING WORDS HAVE THE MEANINGS
22 INDICATED.

1 (2) "ECONOMIC DEVELOPMENT PROJECT" MEANS A REAL ESTATE
2 DEVELOPMENT PROJECT CONSISTING OF NEWLY CONSTRUCTED OR REHABILITATED
3 COMMERCIAL OR MULTIFAMILY RESIDENTIAL PROPERTY THAT:

4 (I) HAS OR WILL RECEIVE A CERTIFICATE OF OCCUPANCY ISSUED
5 ON OR AFTER JANUARY 1, 1999;

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

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

9 1. A HOTEL THAT:

10 A. PROVIDES AT LEAST 100 FULL-TIME EQUIVALENT JOB
11 OPPORTUNITIES; AND

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

14 2. AN OFFICE BUILDING THAT:

15 A. PROVIDES AT LEAST 150 FULL-TIME EQUIVALENT JOB
16 OPPORTUNITIES; AND

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

19 3. A RETAIL FACILITY THAT:

20 A. PROVIDES AT LEAST 100 FULL-TIME EQUIVALENT JOB
21 OPPORTUNITIES; AND

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

24 4. A MULTIFAMILY RESIDENTIAL FACILITY THAT HAS A
25 PRIVATE CAPITAL INVESTMENT OF EQUITY AND DEBT COMBINED OF AT LEAST
26 \$5,000,000;

27 5. AN OFF-STREET PARKING FACILITY THAT:

28 A. CONTAINS AT LEAST 250 PARKING SPACES; AND

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

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

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

- 4 (+) (I) CAMDEN STATION AREA;
5 (+) (II) CHARLES CENTER;
6 (+) (III) FINANCIAL DISTRICT;
7 (+) (IV) HARBOR CAMPUS;
8 (+) (V) INNER HARBOR EAST;
9 (+) (VI) INNER HARBOR ~~PROJECT~~ PROJECT 1;
10 (+) (7) ~~INNER HARBOR PROJECT 1A~~;
11 (+) (VII) INNER HARBOR WEST;
12 (+) (VIII) MARKET CENTER;
13 (+) (IX) MARKET CENTER WEST; AND
14 (+) (X) MUNICIPAL CENTER.

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

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

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

22 (+) ~~IS ENGAGED IN CONSTRUCTING AND OPERATING, ON ONE OR~~
23 ~~MORE PARCELS OF THE REAL PROPERTY, A PROJECT PRIMARILY USED, INCLUDING~~
24 ~~RELATED FACILITIES, AS:~~

- 25 1. ~~A HOTEL;~~
26 2. ~~AN OFFICE BUILDING;~~
27 3. ~~A RETAIL FACILITY;~~
28 4. ~~A MULTIFAMILY RESIDENTIAL STRUCTURE; OR~~
29 5. ~~A PARKING FACILITY;~~

1 (II) INVESTS A MINIMUM OF \$10,000,000 OF PRIVATE CAPITAL IN
2 THE DEVELOPMENT; AND

3 (III) DEMONSTRATES TO THE SATISFACTION OF THE BOARD OF
4 ESTIMATES OF BALTIMORE CITY:

5 1. THE FINANCIAL NECESSITY FOR AN EXEMPTION AS
6 AUTHORIZED BY THIS SECTION; AND

7 2. THE PUBLIC BENEFIT THAT THE PROJECT WILL PROVIDE,
8 INCLUDING:

9 A. THE ENCOURAGEMENT OF ECONOMIC DEVELOPMENT;

10 B. THE CREATION OF JOB OPPORTUNITIES; AND

11 C. THE GENERAL PROMOTION AND IMPROVEMENT OF
12 BALTIMORE CITY AND ITS FACILITIES;

13 (3) THE MAYOR AND CITY COUNCIL OF BALTIMORE HAVE AUTHORIZED
14 THE PROJECT BY A RESOLUTION STIPULATING THAT THE PROJECT WILL NOT
15 INVOLVE GAMBLING ACTIVITIES BEYOND THOSE GAMBLING ACTIVITIES ALLOWED
16 BY LAW AS OF JANUARY 1, 1998; AND

17 (4) THE OWNER OF THE REAL PROPERTY AND THE BALTIMORE CITY
18 BOARD OF ESTIMATES ENTER INTO A PAYMENT IN LIEU OF TAXES AGREEMENT
19 SPECIFYING ANY AMOUNT THAT THE OWNER SHALL PAY TO BALTIMORE CITY IN
20 LIEU OF THE PAYMENT OF BALTIMORE CITY PROPERTY TAXES.

21 (C) REAL PROPERTY DESCRIBED IN SUBSECTION (A) OF THIS SECTION IS
22 EXEMPT FROM BALTIMORE CITY PROPERTY TAX AS THE PARTIES AGREE UNDER
23 SUBSECTION (B) OF THIS SECTION.

24 (B) AN ECONOMIC DEVELOPMENT PROJECT IS EXEMPT FROM BALTIMORE
25 CITY REAL PROPERTY TAX IF:

26 (1) THE OWNER OR OWNERS OF THE ECONOMIC DEVELOPMENT
27 PROJECT DEMONSTRATE TO THE SATISFACTION OF THE BOARD OF ESTIMATES OF
28 BALTIMORE CITY:

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

31 1. A DETAILED DESCRIPTION OF THE PROJECT AND THE
32 DEVELOPMENT BUDGET INCLUDING THE IDENTIFICATION OF ALL SOURCES OF
33 DEBT AND EQUITY FINANCING;

34 2. A MULTI-YEAR CASH FLOW PROFORMA OF THE PROJECT
35 DETAILING ALL INCOMING AND OUTGOING CASH FLOW INCLUDING REVENUES,

1 OPERATING EXPENSES, DEBT SERVICE, TAXES, CAPITAL EXPENDITURES AND ANY
2 OTHER CASH OUTLAYS;

3 3. THE PROJECTED RETURN ON INVESTMENT FOR THE
4 OWNER;

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

7 5. ANY OTHER RELEVANT ANALYSIS;

8 (II) THE PUBLIC BENEFIT THAT THE PROJECT WILL PROVIDE,
9 INCLUDING:

10 1. THE NUMBER OF JOBS EXPECTED TO BE CREATED,
11 DIRECTLY OR INDIRECTLY, AS A RESULT OF THE PROJECT AND THE PERCENTAGE OF
12 THOSE JOBS EXPECTED TO BE HELD BY CITY OF BALTIMORE RESIDENTS;

13 2. THE WAGE RATES AND BENEFIT PACKAGES FOR THE JOBS
14 EXPECTED TO BE CREATED;

15 3. OTHER CITY OF BALTIMORE TAX REVENUES, EXCLUSIVE
16 OF REAL PROPERTY TAXES, THAT THE PROJECT IS EXPECTED TO GENERATE DURING
17 THE TERM OF THE PAYMENT IN LIEU OF TAXES AGREEMENT, INCLUDING
18 ADMISSIONS AND AMUSEMENT, PERSONAL PROPERTY, HOTEL, PARKING, UTILITY,
19 AND OTHER TAXES;

20 4. THE ENCOURAGEMENT OF ECONOMIC DEVELOPMENT;

21 5. THE GENERAL PROMOTION AND IMPROVEMENT OF
22 BALTIMORE CITY AND ITS FACILITIES; AND

23 6. ANY OTHER RELEVANT BENEFITS;

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

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

28 1. COMMENSURATE WITH THE OVERALL UNDERTAKING;
29 AND

30 2. A. AT LEAST \$500,000 EXCEPT IN THE CASE OF A
31 MULTI-FAMILY RESIDENTIAL FACILITY OR AN OFF-STREET PARKING FACILITY; OR

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

34 (2) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY HAVE
35 AUTHORIZED THE PROJECT BY A RESOLUTION STIPULATING THAT THE PROJECT

1 WILL NOT INVOLVE GAMBLING ACTIVITIES BEYOND THOSE GAMBLING ACTIVITIES
2 ALLOWED BY LAW AS OF JANUARY 1, 1998; AND

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

6 (I) AN AMOUNT THAT IS NOT LESS THAN THE TAXES ON THE
7 PROPERTY BEFORE THE CONSTRUCTION OR REHABILITATION OF THE PROJECT,
8 THAT THE OWNER OR OWNERS SHALL PAY TO BALTIMORE CITY EACH YEAR IN LIEU
9 OF THE PAYMENT OF BALTIMORE CITY REAL PROPERTY TAXES DURING THE TERM
10 OF THE AGREEMENT;

11 (II) THE TERM OF THE AGREEMENT, NOT TO EXCEED 25 YEARS;
12 AND

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

15 (C) AN ECONOMIC DEVELOPMENT PROJECT IS EXEMPT FROM BALTIMORE
16 CITY REAL PROPERTY TAX AS THE PARTIES AGREE UNDER SUBSECTION (B) OF THIS
17 SECTION.

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

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

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

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

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

32 (I) THE NUMBER AND TYPES OF JOBS CREATED DURING THE
33 PRECEDING YEAR AND ESTIMATED TO BE CREATED DURING THE FOLLOWING
34 FISCAL YEAR;

35 (II) THE TOTAL TAXES THAT THE PROJECT IS ESTIMATED TO HAVE
36 GENERATED, DIRECTLY AND INDIRECTLY, FOR THE CITY OF BALTIMORE DURING THE
37 PRECEDING FISCAL YEAR AND ESTIMATED TO BE GENERATED DURING THE
38 FOLLOWING FISCAL YEAR; AND

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

2 7-504.4.

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

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

7 (2) THE OFFICE BUILDING IS LOCATED IN AN URBAN RENEWAL AREA;
8 AND

9 (3) THE OWNER DEMONSTRATES TO THE SATISFACTION OF THE BOARD
10 OF ESTIMATES OF BALTIMORE CITY:

11 (I) THE FINANCIAL NECESSITY FOR AN EXEMPTION; AND

12 (II) THE PUBLIC BENEFIT THE IMPROVEMENTS WILL PROVIDE.

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