

SENATE BILL 352
EMERGENCY BILL

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Q2

1999 Regular Session
9r1507
CF 9r1364

By: **Senator McFadden**

Introduced and read first time: February 5, 1999

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 29, 1999

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; setting forth certain requirements in order to qualify for
9 the property tax exemption; defining a certain ~~term~~ terms; requiring a certain
10 report; stating the intent of the General Assembly; making this Act an
11 emergency measure; and generally relating to a property tax exemption for
12 certain property located in Baltimore City.

13 BY adding to
14 Article - Tax - Property
15 Section 7-504.3
16 Annotated Code of Maryland
17 (1994 Replacement Volume and 1998 Supplement)

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

20 **Article - Tax - Property**

21 7-504.3.

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

1 (2) "ECONOMIC DEVELOPMENT PROJECT" MEANS A REAL ESTATE
2 DEVELOPMENT PROJECT FOR WHICH A PAYMENT IN LIEU OF TAXES AGREEMENT
3 WAS ENTERED INTO PRIOR TO JUNE 30, 1999, IN ACCORDANCE WITH § 7-504 OF THE
4 TAX - PROPERTY ARTICLE OR A PROJECT CONSISTING OF NEWLY CONSTRUCTED OR
5 REHABILITATED COMMERCIAL OR MULTIFAMILY RESIDENTIAL PROPERTY THAT:

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

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

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

11 1. A HOTEL THAT:

12 A. PROVIDES AT LEAST 100 FULL-TIME EQUIVALENT JOB
13 OPPORTUNITIES; AND

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

16 2. AN OFFICE BUILDING THAT:

17 A. PROVIDES AT LEAST 150 FULL-TIME EQUIVALENT JOB
18 OPPORTUNITIES; AND

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

21 3. A RETAIL FACILITY 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 \$10,000,000;

26 4. A MULTIFAMILY RESIDENTIAL FACILITY THAT HAS A
27 PRIVATE CAPITAL INVESTMENT OF EQUITY AND DEBT COMBINED OF AT LEAST
28 \$5,000,000;

29 5. AN OFF-STREET PARKING FACILITY THAT:

30 A. CONTAINS AT LEAST 250 PARKING SPACES; AND

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

33 6. A MIXED-USE FACILITY THAT CONTAINS ONE OR MORE OF
34 THE FACILITIES DESCRIBED IN ITEMS 1 THROUGH 5 OF THIS ITEM, AT LEAST ONE OF

1 WHICH SATISFIES THE MINIMUM CRITERIA SET FORTH IN ITEM 1, 2, 3, 4, OR 5 OF THIS
 2 ITEM.

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

- 6 (1) CAMDEN STATION AREA;
 7 (2) CHARLES CENTER;
 8 (3) FINANCIAL DISTRICT;
 9 (4) HARBOR CAMPUS;
 10 (5) INNER HARBOR EAST;
 11 (6) INNER HARBOR ~~PROJECT~~ PROJECT 1;
 12 (7) ~~INNER HARBOR PROJECT 1A~~;
 13 (8) INNER HARBOR WEST;
 14 (9) MARKET CENTER;
 15 (10) MARKET CENTER WEST; ~~AND~~
 16 (11) MUNICIPAL CENTER; AND
 17 (12) KEY HIGHWAY.

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

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

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

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

- 28 1. A HOTEL;
 29 2. AN OFFICE BUILDING;
 30 3. A RETAIL FACILITY;

1 4. A MULTIFAMILY RESIDENTIAL STRUCTURE; OR

2 5. A PARKING FACILITY;

3 (H) INVESTS A MINIMUM OF \$10,000,000 OF PRIVATE CAPITAL IN
4 THE DEVELOPMENT; AND

5 (III) DEMONSTRATES TO THE SATISFACTION OF THE BOARD OF
6 ESTIMATES OF BALTIMORE CITY:

7 1. THE FINANCIAL NECESSITY FOR AN EXEMPTION AS
8 AUTHORIZED BY THIS SECTION; AND

9 2. THE PUBLIC BENEFIT THAT THE PROJECT WILL PROVIDE,
10 INCLUDING:

11 A. THE ENCOURAGEMENT OF ECONOMIC DEVELOPMENT;

12 B. THE CREATION OF JOB OPPORTUNITIES; AND

13 C. THE GENERAL PROMOTION AND IMPROVEMENT OF
14 BALTIMORE CITY AND ITS FACILITIES;

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

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

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

26 (B) AN ECONOMIC DEVELOPMENT PROJECT IS EXEMPT FROM UP TO 95% OF
27 BALTIMORE CITY REAL PROPERTY TAXES IF:

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

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

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

1 2. A MULTI-YEAR CASH FLOW PROFORMA OF THE PROJECT
2 DETAILING ALL INCOMING AND OUTGOING CASH FLOW INCLUDING REVENUES,
3 OPERATING EXPENSES, DEBT SERVICE, TAXES, CAPITAL EXPENDITURES, AND ANY
4 OTHER CASH OUTLAYS;

5 3. THE PROJECTED RETURN ON INVESTMENT FOR THE
6 OWNER;

7 4. A DETERMINATION THAT THE PROJECT IS AN ECONOMIC
8 DEVELOPMENT PROJECT THAT MEETS THE REQUIREMENTS OF THIS SECTION; AND

9 5. ANY OTHER RELEVANT ANALYSIS;

10 (II) THE PUBLIC BENEFIT THAT THE PROJECT WILL PROVIDE,
11 INCLUDING:

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

15 2. THE WAGE RATES AND BENEFIT PACKAGES FOR THE JOBS
16 EXPECTED TO BE CREATED;

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

22 4. THE ENCOURAGEMENT OF ECONOMIC DEVELOPMENT;

23 5. THE GENERAL PROMOTION AND IMPROVEMENT OF
24 BALTIMORE CITY AND ITS FACILITIES; AND

25 6. ANY OTHER RELEVANT BENEFITS;

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

28 (IV) THAT THE PRIVATE CAPITAL INVESTMENT OF EQUITY AND
29 DEBT COMBINED INCLUDES AN EQUITY INVESTMENT THAT IS AT LEAST 10%;

30 (2) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY HAVE
31 AUTHORIZED THE PROJECT BY A RESOLUTION STIPULATING THAT THE PROJECT
32 WILL NOT INVOLVE GAMBLING ACTIVITIES BEYOND THOSE GAMBLING ACTIVITIES
33 ALLOWED BY LAW AS OF JANUARY 1, 1999;

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

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

4 1. THE TAXES ON THE PROPERTY BEFORE THE
5 CONSTRUCTION OR REHABILITATION OF THE PROJECT; AND

6 2. AT LEAST 5% OF THE BALTIMORE CITY REAL PROPERTY
7 TAXES RELATED TO THE ECONOMIC DEVELOPMENT PROJECT THAT WOULD HAVE
8 OTHERWISE BEEN DUE ABSENT THE AGREEMENT;

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

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

13 (4) WITHIN 1 YEAR FROM THE DATE OF ENTERING INTO THE PAYMENT
14 IN LIEU OF TAXES AGREEMENT, CONSTRUCTION OF THE PROJECT HAS COMMENCED
15 AND ALL CONDITIONS FOR THE FINANCING REQUIRED FOR THE CONSTRUCTION OF
16 THE PROJECT HAVE BEEN SATISFIED OR WAIVED.

17 (C) AN ECONOMIC DEVELOPMENT PROJECT IS EXEMPT FROM UP TO 95% OF
18 BALTIMORE CITY REAL PROPERTY TAXES AS THE PARTIES AGREE UNDER
19 SUBSECTION (B) OF THIS SECTION.

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

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

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

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

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

34 (I) THE NUMBER AND TYPES OF JOBS CREATED DURING THE
35 PRECEDING FISCAL YEAR AND ESTIMATED TO BE CREATED DURING THE
36 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 SECTION 2. AND BE IT FURTHER ENACTED, That it is the intent of the
7 General Assembly that the Baltimore City Board of Estimates shall consistently
8 apply equitable and nondiscriminatory criteria when determining which economic
9 development projects qualify for a payment in lieu of taxes.

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