

**Department of Legislative Services**

Maryland General Assembly

2001 Session

**FISCAL NOTE**

House Bill 142 (Delegate Benson, *et al.*)

Commerce and Government Matters

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**Town of Cottage City (Prince George's County) - Urban Renewal Authority for  
Slum Clearance**

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This bill authorizes the Town of Cottage City to undertake urban renewal projects by exercising the power of eminent domain to acquire properties in blighted areas. The bill also: (1) requires the Town of Cottage City to provide just compensation for properties taken; (2) requires that the power of eminent domain be used for public benefit of Cottage City citizens; and (3) allows for taxation, expenditure of public funds, and extension of public credit to meet urban renewal goals.

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** The Town of Cottage City's expenditures could increase for costs associated with land acquisition and urban renewal projects. The town's revenues could increase due to the sale of land and properties taken by eminent domain to developers or investors.

**Small Business Effect:** Potential minimal.

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**Analysis**

**Bill Summary:** The bill provides the Town of Cottage City the power to: (1) make urban renewal plans; (2) make plans for the relocation of families and businesses displaced from the urban renewal area; (3) appropriate funds and make expenditures to carry out the urban renewal plan; (4) invest urban renewal funds in property or securities;

(5) hold all property and make improvements necessary for urban development; (6) execute agreements to expedite the urban renewal process; (7) enter into buildings or property to make inspections, surveys, appraisals, and soundings; (8) establish, if necessary, an urban renewal agency; and (9) issue and sell general obligation bonds to finance urban renewal projects.

**Current Law:** The Town of Cottage City does not have the power of eminent domain. In practice, the power of eminent domain is usually reserved for expanding infrastructure or building new schools and is not normally exercised for the purpose of residential or economic redevelopment.

**Background:** The Town of Cottage City has 1,350 residents. College Park and Bladensburg were the first communities in Prince George's County to secure powers of eminent domain. Other Prince George's communities with the power of eminent domain are Bowie, Capitol Heights, Cheverly, Colmar Manor, District Heights, Fairmount Heights, Glenarden, Hyattsville, Laurel, Morningside, Mount Rainier, Riverdale, and Seat Pleasant.

**Local Fiscal Effect:** The Town of Cottage City does not have an urban renewal plan in place. Accordingly, it is unknown how many properties would be involved in the urban renewal process and whether additional municipal expenditures and revenues will occur. The Town of Cottage City's expenditures would increase due to lawyer fees and land acquisition, survey, inspection, and appraisal costs. Additional administrative costs will be incurred if an urban renewal authority is established. The Town of Cottage City advises that revenues will increase as properties are sold to buyers, contractors, and renovators of the acquired properties.

Prince George's County expenditures and revenues would not be directly affected by this bill. To the extent that urban renewal efforts in the Town of Cottage City result in higher property values and additional employment centers, Prince George's County revenues could increase due to higher property tax receipts and higher income tax receipts.

**Small Business Effect:** Small businesses in the Town of Cottage City may be forced to close, move, or lose existing customers due to the urban renewal process. However, some small businesses may realize an increase in business activity after the urban renewal process is completed. Additionally, some small businesses currently in the Town of Cottage City may benefit directly from the urban renewal plan by performing work to redevelop the area.

**Additional Comments:** Maryland residents displaced by a municipal government are not entitled to relocation assistance unless the political subdivision is acting on behalf of or with the financial assistance of the federal government. This does not prevent the Town of Cottage City from providing relocation assistance if it so chooses.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Town of Cottage City, Prince George's County, Maryland  
Municipal League, Department of Legislative Services

**Fiscal Note History:** First Reader – January 24, 2001  
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