

SENATE BILL 553

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2004 Regular Session  
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By: **Senator McFadden (By Request - Baltimore City Administration)**

Introduced and read first time: February 6, 2004

Assigned to: Budget and Taxation

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Committee Report: Favorable

Senate action: Adopted

Read second time: March 24, 2004

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CHAPTER\_\_\_\_\_

1 AN ACT concerning

2 **Baltimore City - General Powers - Tax Increment Financing**

3 FOR the purpose of altering the purposes for which the proceeds shall be applied of  
4 certain bonds issued by the Mayor and City Council of Baltimore City under  
5 certain provisions authorizing certain tax increment financing for the  
6 development of certain areas in Baltimore City; defining certain terms; and  
7 generally relating to tax increment financing in Baltimore City.

8 BY repealing and reenacting, without amendments,  
9 The Public Local Laws of Baltimore City  
10 Section 21-17(a)  
11 Article 4 - Public Local Laws of Maryland  
12 (1979 Edition and 1997 Supplement and 2002 Supplement, as amended)  
13 (As enacted by Chapter 429 of the Acts of the General Assembly of 2003)

14 BY repealing and reenacting, without amendments,  
15 The Charter of Baltimore City  
16 Article II - General Powers  
17 Section (62)(a)  
18 (1996 Edition and 2000 Supplement, as amended)  
19 (As enacted by Chapter 170 of the Acts of the General Assembly of 2001)

20 BY repealing and reenacting, with amendments,  
21 The Charter of Baltimore City  
22 Article II - General Powers  
23 Section (62)(b) and (c)

1 (1996 Edition and 2000 Supplement, as amended)  
2 (As enacted by Chapter 170 of the Acts of the General Assembly of 2001)

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

5 **Article 4 - Baltimore City**

6 21-17.

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

8 (2) "Abandoned property" means:

9 (i) an unoccupied structure or vacant lot on which taxes are in  
10 arrears for at least 2 years;

11 (ii) a building:

12 1. that is unoccupied by owner or tenant;

13 2. that is unfit for habitation;

14 3. that has deteriorated to the point where:

15 A. the building is structurally unsound; or

16 B. the cost of rehabilitation significantly exceeds the post  
17 rehabilitation market value; and

18 4. regarding which the owner has been issued a violation  
19 notice from the City requiring the owner to:

20 A. rehabilitate the building to conform to minimum code  
21 habitability requirements; or

22 B. demolish the building for health and safety reasons;

23 (iii) a vacant lot on which a building has been demolished; or

24 (iv) any building in a block of row houses where the block:

25 1. as a whole contains 70% abandoned property as defined  
26 under subparagraph (i), (ii), or (iii) of this paragraph; and

27 2. is determined by the City to require a whole-block remedy,  
28 provided that any tenant or owner-occupant has been offered assistance in  
29 accordance with subsection (l) of this section.

30 (3) "Distressed property" means a parcel of real property that is subject  
31 to a tax lien or liens with a lien or liens to value ratio equal to or greater than 15%, as

1 determined by the Baltimore City Department of Housing and Community  
2 Development, and that:

3 (i) contains a dwelling unit or other structure that:

4 1. has deteriorated to the extent that the dwelling unit or  
5 other structure constitutes a serious and growing menace to the public health, safety,  
6 and welfare; and

7 2. is subject, under the building code of Baltimore City or the  
8 housing code of Baltimore City, to an expired violation notice and order to correct the  
9 deteriorated conditions; or

10 (ii) is subject to a lien or liens in an amount greater than \$1000 for  
11 work done by the Baltimore City Department of Housing and Community  
12 Development.

### 13 **The Charter of Baltimore City**

#### 14 **Article II - General Powers**

15 The Mayor and City Council of Baltimore shall have full power and authority to  
16 exercise all of the powers heretofore or hereafter granted to it by the Constitution of  
17 Maryland or by any Public General or Public Local Laws of the State of Maryland;  
18 and in particular, without limitation upon the foregoing, shall have power by  
19 ordinance, or such other method as may be provided for in its Charter, subject to the  
20 provisions of said Constitution and Public General Laws:

21 (62)

22 (a) (1) To borrow money by issuing and selling bonds, at any time and from  
23 time to time, for the purpose of financing and refinancing the development of an  
24 industrial, commercial, or residential area in Baltimore City. Such bonds shall be  
25 payable from and secured by a pledge of the special fund described in subsection  
26 (d)(3)(ii) of this section and the Mayor and City Council of Baltimore may also  
27 establish sinking funds, establish debt service reserve funds, or pledge other assets  
28 and revenues towards the payments of the principal and interest, including revenues  
29 received by the Mayor and City Council of Baltimore pursuant to a development  
30 agreement.

31 (2) (i) In lieu of the pledges set forth in paragraph (1) of this  
32 subsection, the authorizing ordinance or trust agreement, subject to subparagraphs  
33 (ii) and (iii) of this paragraph, may pledge or assign:

34 1. all or any part of that portion of the revenues and receipts  
35 from the taxes representing the levy on the tax increment that would normally be  
36 paid to the Mayor and City Council of Baltimore to the payment of such principal and  
37 interest;

1                                   2.       the special fund described in subsection (d)(3)(ii) of this  
2 section and any other fund into which all or any part of such revenues and receipts  
3 are deposited after such revenues and receipts are appropriated by the Mayor and  
4 City Council of Baltimore to the payment of such principal and interest; and

5                                   3.       any other assets and revenues of the Mayor and City  
6 Council of Baltimore.

7                                 (ii)       The revenues and receipts may not be irrevocably pledged to the  
8 payment of such principal and interest and the obligations to pay such principal and  
9 interest from such revenues and receipts shall be subject to annual appropriation by  
10 the Mayor and City Council of Baltimore.

11                               (iii)       The Mayor and City Council of Baltimore may not pledge its full  
12 faith and credit or unlimited taxing power to the payment of such bonds.

13       (b)       (1)       In this section the following words have the meanings indicated,  
14 unless the context clearly indicates another or different meaning or intent:

15                               (2)       "ABANDONED PROPERTY" HAS THE MEANING STATED IN § 21-17(A)  
16 OF THE PUBLIC LOCAL LAWS OF BALTIMORE CITY.

17                               [(2)]     (3)       "Adjusted assessable base" means, for real property that  
18 qualifies for farm or agricultural use under § 8-209 of the Tax - Property Article of  
19 the Annotated Code of Maryland, as amended, replaced, or supplemented from time  
20 to time, the fair market value of the property without regard to its agricultural use  
21 assessment as of January 1 of that year preceding the effective date of the ordinance  
22 creating the development district under subsection (d) of this section.

23                               (4)       "AFFORDABLE HOUSING" MEANS HOUSING THAT IS AFFORDABLE TO  
24 HOUSEHOLDS WITH INCOMES UP TO 115% OF THE REGIONAL MEDIAN INCOME.

25                               [(3)]     (5)       "Assessable base" means the total assessable base of all real  
26 property in a development district subject to taxation as determined by the  
27 Supervisor of Assessments.

28                               [(4)]     (6)       (i)       "Assessment ratio" means any real property tax  
29 assessment ratio, however designated or calculated, which is used or applied under  
30 applicable general law in determining the assessable base.

31                               (ii)       "Assessment ratio" includes the assessment percentage as  
32 provided under § 8-103(c) of the Tax - Property Article of the Annotated Code of  
33 Maryland, as amended, replaced, or supplemented from time to time.

34                               [(5)]     (7)       "Bonds" or "bond" means any bonds or bond, notes or note, or  
35 other similar instruments or instrument issued by the Mayor and City Council of  
36 Baltimore pursuant to and in accordance with this section.

37                               [(6)]     (8)       "Development" includes new development, redevelopment,  
38 revitalization, and renovation.

1            [(7)]    (9)    "Development agreement" means an agreement between the  
2 Mayor and City Council of Baltimore and any person involved in or responsible for  
3 development of property within a development district pursuant to which such person  
4 shall agree to pay in each year in which any bonds are outstanding an amount equal  
5 to all or a portion of the debt service on bonds issued pursuant to this section to  
6 finance or refinance development in such development district.

7            [(8)]    (10)   "Development district" means an area or areas within the City  
8 of Baltimore designated by an ordinance of the Mayor and City Council of Baltimore.

9            (11)    "DISTRESSED PROPERTY" HAS THE MEANING STATED IN § 21-17(A) OF  
10 THE PUBLIC LOCAL LAWS OF BALTIMORE CITY.

11           [(9)]    (12)   "Original assessable base" means the assessable base as of  
12 January 1 of that year preceding the effective date of the ordinance creating the  
13 development district under subsection (d) of this section.

14           [(10)]   (13)   "Original full cash value" means the dollar amount which is  
15 determined by dividing the original assessable base by the assessment ratio used to  
16 determine the original assessable base.

17           [(11)]   (14)   "Original taxable value" means for any tax year the dollar  
18 amount that is the lesser of:

19                    (i)    the product of the original full cash value times the assessment  
20 ratio applicable to that tax year;

21                    (ii)   the original assessable base; or

22                    (iii)   if an adjusted assessable base applies, then the "original  
23 taxable value" is the adjusted assessable base.

24           [(12)]   (15)   "Supervisor of Assessments" means the Supervisor of  
25 Assessments for Baltimore City.

26           [(13)]   (16)   "Tax increment" means for any tax year the amount by which  
27 the assessable base as of January 1 preceding that tax year exceeds the original  
28 taxable value, divided by the assessment ratio used to determine the original taxable  
29 value.

30           [(14)]   (17)   "Tax year" means the period from July 1 of a calendar year  
31 through June 30 of the next calendar year.

32    (c)    All proceeds received from any bonds issued and sold pursuant to this  
33 section shall be applied solely for:

34                    (1)    the cost of purchasing, leasing, condemning, or otherwise acquiring  
35 land or other property, or an interest in them, in the designated development district  
36 area or as necessary for a right-of-way or other easement to or from the development  
37 district area;

- 1 (2) site removal;
- 2 (3) surveys and studies;
- 3 (4) relocation of businesses or residents;
- 4 (5) installation of utilities, construction of parks and playgrounds, and  
5 other necessary improvements including streets and roads to, from, or within the  
6 development district, lighting, and other facilities;
- 7 (6) construction or rehabilitation of buildings provided that such  
8 buildings:
  - 9 (I) are to be devoted to a governmental use or purpose;
  - 10 (II) ARE ABANDONED PROPERTY;
  - 11 (III) ARE DISTRESSED PROPERTY; OR
  - 12 (IV) WILL PROVIDE UNITS OF AFFORDABLE HOUSING;
- 13 (7) reserves and capitalized interest on the bonds;
- 14 (8) necessary costs of issuing bonds;
- 15 (9) structured and surface parking facilities that are:
  - 16 (i) publicly owned; or
  - 17 (ii) privately owned but serve a public purpose; and
- 18 (10) payment of the principal and interest on loans, money advanced, or  
19 indebtedness incurred by the Mayor and City Council of Baltimore for any of the  
20 purposes set out in this section.

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
22 October 1, 2004.