

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

House Bill 907

(Washington County Delegation)

Environmental Matters

Education, Health, and Environmental
Affairs

Town of Boonsboro (Washington County) - Urban Renewal Authority for Slum
Clearance

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

Fiscal Summary

State Effect: None.

Local Effect: The Town of Boonsboro'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.

Analysis

Bill Summary: This bill authorizes the Town of Boonsboro to undertake and carry out urban renewal projects. These projects are limited to: (1) slum clearance in slum or blighted areas and redevelopment or rehabilitation of slum or blighted areas; (2) acquiring, in connection with these projects, land and property and any right, interest,

franchise, easement, or privilege by purchase, lease, gift, condemnation, or any other legal means; and (3) selling, leasing, conveying, transferring, or otherwise disposing of any of the land or property to any private, public, or quasi-public corporation, partnership, association, person, or other legal entity.

The taking of land or property by a municipality under this bill is prohibited without providing just compensation as agreed upon between the parties or awarded by a jury. Land or property needed or taken under this bill is declared to be needed or taken for public uses and purposes. Activities authorized pursuant to this bill constitute governmental functions undertaken for public purposes and the power of taxation may be exercised, public funds expended, and public credit extended.

Additional powers are granted to the Town of Boonsboro to accomplish the purposes and objectives specified in this bill. The bill requires the condemnation of land or property to proceed in accordance with the Real Property Article and that the municipality encourage the use of private enterprise in its urban renewal efforts. Furthermore, the bill authorizes the Town of Boonsboro to issue and sell general obligation bonds and revenue bonds and provides requirements pertaining to these bonds.

The bill authorizes the establishment, by ordinance, of an urban renewal agency and specific powers which would be withheld from such an agency. Specifically, an agency may not: (1) pass an ordinance to initiate an urban renewal project; (2) issue general obligation bonds; or (3) appropriate funds or levy taxes and assessments.

In order to initiate an urban renewal project, the legislative body of the municipality must adopt an ordinance which: (1) finds that one or more slum or blighted areas exist in the municipality; (2) locates and defines the slum or blighted area; and (3) finds that the rehabilitation and/or redevelopment, of the area is both necessary and in the interest of the public health, safety, morals, or welfare of the residents of the municipality. The bill also specifies the steps required for the preparation and approval of a plan for an urban renewal project and the disposal of property in an urban renewal area.

Current Law: The Town of Boonsboro does not have the power of eminent domain for slum clearance.

Background: The Town of Boonsboro has 2,841 residents. Of the nine municipalities in Washington County, only one (Hagerstown) currently has urban renewal authority.

Article XI-E of the Maryland Constitution grants municipal corporations broad power to amend their existing charters or local laws and to adopt a new charter without the

approval of the General Assembly. In addition, Article XI-E generally prohibits the General Assembly from enacting local laws for particular municipal corporations.

However, this general prohibition is expressly qualified by Article III, Section 61 of the Constitution (the Urban Renewal Amendment). This amendment provides that the General Assembly's power to enact local laws regarding local urban renewal projects for slum clearance prevails over the restrictions contained in Article XI-E. The General Assembly has enacted over 60 separate public local laws authorizing individual municipal corporations to carry out urban renewal projects for slum clearance.

Chapter 519 of 1995 amended the home rule powers of municipal corporations as expressed in Article 23A of the Code by adding the power to acquire land or property for development or redevelopment and to sell or otherwise dispose of the land or property to any private, public, or quasi-public entity. The law, however, specifies that this power may be exercised only by a municipal corporation that has urban renewal authority for slum clearance under Article III, Section 61 of the Maryland Constitution.

Local Fiscal Effect: The fiscal impact of this authority on the Town of Boonsboro cannot be reliably quantified at this time, as it would depend on the number of properties for which this authority would be used, as well as the value of the property in question. The town advises, however, that this authority would be an invaluable tool that they would be able to use to ensure compliance with the revitalization plan for the downtown area. If the town chose to exercise this authority, expenditures would increase due to legal fees and land acquisition, survey, inspection, and appraisal costs. Additional administrative costs would be incurred if an urban renewal authority were established. However, town revenues could increase if these properties are sold to buyers, contractors, and renovators of the acquired properties.

Washington County revenues would not be directly affected by this bill. However, to the extent that urban renewal efforts in Boonsboro result in higher property values and additional employment centers, Washington County revenues could increase due to higher property tax receipts and higher income tax receipts.

Small Business Effect: The Town of Boonsboro advises that it has not currently targeted any small businesses for urban renewal. Some small businesses, however, may realize an increase in business activity after the urban renewal process is completed.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Town of Boonsboro, Washington County, Maryland Municipal League, Department of Legislative Services

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