

SB0827/729336/1

BY: Budget and Taxation Committee

AMENDMENTS TO SENATE BILL 827

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 2, strike “Credit –” and substitute “Exemption – Affordable and”; strike beginning with “authorizing” in line 3 down through “developments” in line 5 and substitute “providing for certain exemptions from the Baltimore City property tax under certain circumstances for certain development projects”; in line 5, after “affordable” insert “residential”; in lines 5 and 6, strike “and are owned by certain owners;” and substitute “; prohibiting the Baltimore City Board of Estimates from entering into certain agreements if the agreements would result in a certain reduction in property tax revenues for a taxable year;”; strike beginning with “eligibility” in line 7 down through “credit,” in line 8; in line 8, after “regulations” insert “; requirements, limitations, criteria,”; in line 9, strike “credit” and substitute “exemption”; in line 10, after “application” insert “and termination”; in the same line, after “Act;” insert “defining certain terms;”; in the same line, strike “credits for” and substitute “exemptions for affordable and”; and in line 14, strike “9-304(g)” and substitute “7-504.1”.

On page 2, in line 5, after “of” insert “affordable and”; in line 6, strike “rental residential”; and in lines 7 and 9, in each instance, strike “credit” and substitute “exemption”.

AMENDMENT NO. 2

On page 2, strike in their entirety lines 13 through 29, inclusive, and substitute:

“7-504.1.

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

(Over)

(2) “AFFORDABLE RENT” MEANS RENT THAT DOES NOT EXCEED 30% OF A HOUSEHOLD’S INCOME.

(3) “AREA MEDIAN INCOME” MEANS THE MEDIAN HOUSEHOLD INCOME FOR AN AREA ADJUSTED FOR HOUSEHOLD SIZE AS PUBLISHED AND ANNUALLY UPDATED BY THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.

(4) “QUALIFYING DEVELOPMENT” MEANS:

(I) A REDEVELOPMENT PROJECT OF 30 OR MORE RESIDENTIAL RENTAL UNITS THAT WILL SET ASIDE 10% OR MORE OF THE DEVELOPMENT’S TOTAL UNITS TO BE RENTED AT AN AFFORDABLE RENT TO A HOUSEHOLD EARNING NOT MORE THAN 60% OF THE AREA MEDIAN INCOME; OR

(II) A NEW RESIDENTIAL RENTAL DEVELOPMENT PROJECT THAT:

1. IS NEW CONSTRUCTION OR IS A CONVERSION OF A NONRESIDENTIAL STRUCTURE THAT WILL PROVIDE 30 OR MORE UNITS OF HOUSING;

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

3. SETS ASIDE AT LEAST 10% OF THE DEVELOPMENT’S TOTAL UNITS TO BE RENTED AT AN AFFORDABLE RENT TO A HOUSEHOLD EARNING NOT MORE THAN 60% OF THE AREA MEDIAN INCOME;

4. HAS NOT OBTAINED SITE PLAN APPROVAL ON OR BEFORE JUNE 30, 2007; AND

5. SATISFIES ADDITIONAL REQUIREMENTS AS DETERMINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY.

(5) "SITE PLAN APPROVAL" MEANS APPROVAL FROM THE BALTIMORE CITY PLANNING COMMISSION OF THE LAND DEVELOPMENT PROPOSAL OF A QUALIFIED DEVELOPMENT TO ENSURE ITS CONSISTENCY WITH LAND DEVELOPMENT POLICIES AND REGULATIONS AND ACCEPTED LAND DESIGN PRACTICES.

(B) A REDEVELOPMENT PROJECT OR NEW RESIDENTIAL RENTAL DEVELOPMENT PROJECT IS EXEMPT OR PARTIALLY EXEMPT FROM BALTIMORE CITY REAL PROPERTY TAXES IF:

(1) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY DETERMINE THAT THE PROJECT:

(I) IS A QUALIFYING DEVELOPMENT MEETING THE REQUIREMENTS OF THIS SECTION; AND

(II) MEETS THE REQUIREMENT OF ANY OTHER RELEVANT ANALYSIS;

(2) THE OWNER OR OWNERS OF THE QUALIFYING DEVELOPMENT SATISFY A FINANCIAL REVIEW ADMINISTERED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY THAT PROVIDES:

(Over)

(I) A DETAILED DESCRIPTION OF THE PROJECT AND THE DEVELOPMENT BUDGET FOR THE PROJECT, INCLUDING THE IDENTIFICATION OF ALL SOURCES OF DEBT AND EQUITY FINANCING;

(II) A MULTIYEAR PRO FORMA CASH FLOW ANALYSIS OF THE PROJECT DETAILING ALL INCOMING AND OUTGOING CASH FLOW INCLUDING REVENUES, OPERATING EXPENSES, DEBT SERVICE, TAXES, CAPITAL EXPENDITURES, AND ANY OTHER CASH OUTLAYS;

(III) THE PROJECTED RETURN ON INVESTMENT FOR THE OWNER; AND

(IV) THE AMOUNT OF POTENTIAL REVENUE THAT MAY BE LOST THROUGH THE PROVISION OF AFFORDABLE HOUSING; AND

(3) THE OWNER OR OWNERS OF THE QUALIFYING DEVELOPMENT AND THE BALTIMORE CITY BOARD OF ESTIMATES ENTER INTO AN AGREEMENT THAT:

(I) PROVIDES THAT THE OWNER OR OWNERS OF THE QUALIFYING DEVELOPMENT SHALL PAY TO BALTIMORE CITY A NEGOTIATED AMOUNT IN LIEU OF THE PAYMENT OF CITY REAL PROPERTY TAXES;

(II) SPECIFIES AN AMOUNT THAT THE OWNER OR OWNERS SHALL PAY TO BALTIMORE CITY EACH YEAR IN LIEU OF THE PAYMENT OF CITY REAL PROPERTY TAXES DURING THE TERM OF THE AGREEMENT THAT IS NOT LESS THAN 75% OF THE ANNUAL PROPERTY TAXES THAT WOULD OTHERWISE BE DUE TO THE CITY FOR THE QUALIFYING DEVELOPMENT IN THE INITIAL YEAR OF THE AGREEMENT; AND

(III) IS LIMITED TO A TERM OF NOT MORE THAN 10 YEARS.

(C) AT THE COMPLETION OF THE TERM OF THE AGREEMENT, THE QUALIFYING DEVELOPMENT MAY SEEK TO RENEW THE AGREEMENT FOR ADDITIONAL TERMS BUT SUBSEQUENT TERMS SHALL EACH BE LIMITED TO A TERM OF NOT MORE THAN 10 YEARS.

(D) THE BALTIMORE CITY BOARD OF ESTIMATES MAY NOT ENTER INTO AN AGREEMENT FOR PAYMENT OF A NEGOTIATED AMOUNT IN LIEU OF TAXES UNDER THIS SECTION IF THE AGREEMENT WOULD CAUSE THE TOTAL REDUCTION IN PROPERTY TAX REVENUES FROM ALL AGREEMENTS ENTERED INTO UNDER THIS SECTION TO EXCEED \$2,000,000 IN ANY TAXABLE YEAR.

(E) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY MAY PROVIDE, BY LAW, FOR:

(1) THE CRITERIA TO BE MET FOR A PROJECT TO BE CONSIDERED A REDEVELOPMENT PROJECT FOR PURPOSES OF THIS SECTION;

(2) ADDITIONAL LIMITATIONS, CRITERIA, AND REGULATIONS REGARDING QUALIFYING DEVELOPMENTS AUTHORIZED TO ENTER INTO AN AGREEMENT FOR PAYMENT IN LIEU OF TAXES UNDER THIS SECTION;

(3) ADDITIONAL PROCEDURES AND REQUIREMENTS REGARDING THE AMOUNT AND DURATION OF THE PAYMENT IN LIEU OF TAXES AGREEMENT AUTHORIZED UNDER THIS SECTION;

(4) REGULATIONS AND PROCEDURES FOR THE APPLICATION AND UNIFORM PROCESSING OF THE TAX EXEMPTIONS AND PAYMENT IN LIEU OF TAXES AGREEMENTS AUTHORIZED UNDER THIS SECTION; AND

(Over)

(5) ANY OTHER PROVISION NECESSARY TO CARRY OUT THIS SECTION.

AMENDMENT NO. 3

On page 3, in line 3, after “2007” insert “but before July 1, 2010. It shall remain effective for a period of 3 years and 1 month and, at the end of June 30, 2010, with no further action required by the General Assembly, this Act shall be abrogated and of no further force and effect”.