

# SENATE BILL 274

C8, Q2

(9lr0244)

## *ENROLLED BILL*

*—Budget and Taxation / Ways and Means—*

Introduced by **The President (By Request - Administration)**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

\_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_\_ M.

\_\_\_\_\_  
President.

### CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Tax Increment Financing and Special Taxing Districts - Transit-Oriented**  
3 **Development**

4 FOR the purpose of authorizing certain counties and municipal corporations to finance  
5 the costs of public improvements located in or supporting a transit-oriented  
6 development and owned by the Maryland Economic Development Corporation,  
7 the State, or certain other governmental units; authorizing certain counties and  
8 municipal corporations to designate special taxing districts, create special funds  
9 and provide for the levy of certain taxes and to pledge tax increment revenue  
10 pertaining to a development district to secure payment of obligations issued by  
11 the Corporation for infrastructure improvements located in or supporting a  
12 transit-oriented development; authorizing certain counties and municipal  
13 corporations to pledge under an agreement that amounts deposited in any  
14 special fund be paid to secure bonds issued by the Corporation for certain  
15 purposes; authorizing certain counties and municipal corporations through the

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**EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.**

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

*Italics* indicate opposite chamber / conference committee amendments.



1 levy of certain tax revenues, to fund the costs of infrastructure improvements,  
2 or operation and maintenance of those infrastructure improvements, located in  
3 or supporting a transit-oriented development; authorizing certain counties and  
4 municipal corporations to use certain alternative local tax revenues for tax  
5 increment financing in connection with a certain transit-oriented development;  
6 adding a certain county to the list of counties authorized to exercise certain  
7 powers concerning the creation of special taxing districts; providing for the  
8 construction of this Act; making the provisions of this Act severable; defining  
9 certain terms; and generally relating to the use of special, ad valorem, tax  
10 increment, and alternative local tax revenues by certain counties and municipal  
11 corporations.

12 BY renumbering

13 Article – Economic Development  
14 Section 12–201(j), (k), (l), (m), (n), and (o), respectively  
15 to be Section 12–201(k), (l), (m), (n), (o), and (p), respectively  
16 Annotated Code of Maryland  
17 (2008 Volume)

18 BY repealing and reenacting, with amendments,

19 Article 23A – Corporations – Municipal  
20 Section 44A(a), (b), (e), and (f)  
21 Annotated Code of Maryland  
22 (2005 Replacement Volume and 2008 Supplement)

23 BY repealing and reenacting, without amendments,

24 Article 23A – Corporations – Municipal  
25 Section 44A(d)  
26 Annotated Code of Maryland  
27 (2005 Replacement Volume and 2008 Supplement)

28 BY repealing and reenacting, with amendments,

29 Article 24 – Political Subdivisions – Miscellaneous Provisions  
30 Section 9–1301(a), (b), (c)(2), (f), (g), and (l)  
31 Annotated Code of Maryland  
32 (2005 Replacement Volume and 2008 Supplement)

33 BY repealing and reenacting, without amendments,

34 Article 24 – Political Subdivisions – Miscellaneous Provisions  
35 Section 9–1301(c)(1) and (e)(3)  
36 Annotated Code of Maryland  
37 (2005 Replacement Volume and 2008 Supplement)

38 BY adding to

39 Article – Economic Development  
40 Section 12–201(j) and (q)  
41 Annotated Code of Maryland

1 (2008 Volume)

2 BY repealing and reenacting, with amendments,  
3 Article – Economic Development  
4 Section 12–209 and 12–210  
5 Annotated Code of Maryland  
6 (2008 Volume)

7 BY repealing and reenacting, without amendments,  
8 Article – Transportation  
9 Section 7–101(m)  
10 Annotated Code of Maryland  
11 (2008 Replacement Volume)

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
13 MARYLAND, That Section(s) 12–201(j), (k), (l), (m), (n), and (o), respectively, of Article  
14 – Economic Development of the Annotated Code of Maryland be renumbered to be  
15 Section(s) 12–201(k), (l), (m), (n), (o), and (p), respectively.

16 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
17 read as follows:

18 **Article 23A – Corporations – Municipal**

19 44A.

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

21 (2) “Bond” means a revenue bond, note, or other similar instrument  
22 issued by a municipal corporation in accordance with this section.

23 (3) “Cost” includes the cost of:

24 (i) Construction, reconstruction, and renovation, and  
25 acquisition of all lands, structures, property, real or personal, rights, rights-of-way,  
26 franchises, easements, and interests acquired or to be acquired by the [municipal  
27 corporation] **MARYLAND ECONOMIC DEVELOPMENT CORPORATION, THE STATE,**  
28 **ANY UNIT OR DEPARTMENT OR POLITICAL SUBDIVISION OF THE STATE,** or any  
29 other governmental unit having jurisdiction over the infrastructure improvement;

30 (ii) All machinery and equipment including machinery and  
31 equipment needed to expand or enhance municipal services to the special taxing  
32 district;

33 (iii) Financing charges and interest prior to and during  
34 construction, and, if deemed advisable by the municipal corporation, for a limited  
35 period after completion of the construction, interest and reserves for principal and

1 interest, including costs of municipal bond insurance and any other type of financial  
2 guaranty and costs of issuance;

3 (iv) Extensions, enlargements, additions, and improvements;

4 (v) Architectural, engineering, financial, and legal services;

5 (vi) Plans, specifications, studies, surveys, and estimates of cost  
6 and of revenues;

7 (vii) Administrative expenses necessary or incident to  
8 determining to proceed with the infrastructure improvements; and

9 (viii) Other expenses as may be necessary or incident to the  
10 construction, acquisition, and financing of the infrastructure improvements.

11 (4) **“MEDCO OBLIGATION” MEANS ANY BOND, NOTE, OR OTHER**  
12 **SIMILAR INSTRUMENT THAT THE MARYLAND ECONOMIC DEVELOPMENT**  
13 **CORPORATION ISSUES UNDER AUTHORITY OTHER THAN THIS SECTION TO**  
14 **FINANCE THE PURPOSES SPECIFIED IN SUBSECTION (B)(2) OR (D)(3) OF THIS**  
15 **SECTION ONLY WITH RESPECT TO INFRASTRUCTURE IMPROVEMENTS LOCATED**  
16 **IN OR SUPPORTING A TRANSIT-ORIENTED DEVELOPMENT.**

17 (5) **“TRANSIT-ORIENTED DEVELOPMENT” HAS THE MEANING**  
18 **STATED IN § 7-101 OF THE TRANSPORTATION ARTICLE.**

19 (b) (1) Subject to the provisions of this section, and for the purpose stated  
20 in paragraph (2) of this subsection, each municipal corporation in the State may:

21 (i) Create a special taxing district;

22 (ii) Levy ad valorem or special taxes; and

23 (iii) Issue bonds and other obligations.

24 (2) (I) The purpose of the authority granted under paragraph (1) of  
25 this subsection is to provide financing, refinancing, or reimbursement for the cost of  
26 the design, construction, establishment, extension, alteration, or acquisition of  
27 adequate storm drainage systems, sewers, water systems, roads, bridges, culverts,  
28 tunnels, streets, sidewalks, lighting, parking, parks and recreation facilities, libraries,  
29 schools, and other infrastructure improvements as necessary, whether situated within  
30 the special taxing district or the municipal corporation or outside of the municipal  
31 corporation if notification is given to the governmental unit having jurisdiction over  
32 the infrastructure improvement and if the infrastructure improvement is reasonably  
33 related to other infrastructure improvements within the special taxing district, for the

1 development and utilization of the land, each with respect to any defined geographic  
2 region within the municipal corporation.

3 **(II) THE AUTHORITY GRANTED UNDER PARAGRAPH (1)(I)**  
4 **AND (II) OF THIS SUBSECTION ALSO MAKES AVAILABLE A SOURCE OF FUNDING**  
5 **FOR PAYMENT OF COSTS OF:**

6 **1. INFRASTRUCTURE IMPROVEMENTS LOCATED IN**  
7 **OR SUPPORTING A TRANSIT-ORIENTED DEVELOPMENT; AND**

8 **2. OPERATION AND MAINTENANCE OF**  
9 **INFRASTRUCTURE IMPROVEMENTS LOCATED IN OR SUPPORTING A**  
10 **TRANSIT-ORIENTED DEVELOPMENT.**

11 (d) (1) Bonds shall be payable from the special fund required under  
12 subsection (e) of this section.

13 (2) The governing body of a municipal corporation that issues bonds  
14 under this section may also:

15 (i) Establish sinking funds;

16 (ii) Establish debt service reserve funds;

17 (iii) Pledge other assets and revenues towards the payments of  
18 the principal and interest; or

19 (iv) Provide for municipal bond insurance or any other type of  
20 financial guaranty of the bonds.

21 (3) All proceeds received from any bonds issued and sold shall be  
22 applied solely to pay the cost of infrastructure improvements, including:

23 (i) Costs of design, construction, establishment, extension,  
24 alteration, or acquisition of infrastructure improvements;

25 (ii) Costs of issuing bonds;

26 (iii) Payment of the principal and interest on loans, money  
27 advances, or indebtedness incurred by a municipal corporation for any of the purposes  
28 stated in subsection (b)(2) of this section, including the refunding of bonds previously  
29 issued under this section; and

30 (iv) Funding of a debt service reserve fund or payment of  
31 interest prior to, during, or for a limited period of time after construction.

1 (e) (1) (I) [Before issuing these bonds, the] **THE** governing body of the  
2 municipal corporation [shall] **MAY**:

3 [(i)] **1.** Designate by resolution an area or areas as a special  
4 taxing district;

5 [(ii)] **2.** Subject to paragraph (2) of this subsection, adopt a  
6 resolution creating a special fund with respect to the special taxing district; and

7 [(iii)] **3.** Provide for the levy of an ad valorem or special tax on  
8 all real and personal property within the special taxing district at a rate or amount  
9 designed to provide adequate revenues to pay the principal of, interest on, and  
10 redemption premium, if any, on the bonds, to replenish any debt service reserve fund,  
11 and for any other purpose related to the ongoing expenses of or security for the bonds,  
12 **AND, AS THE GOVERNING BODY OF THE MUNICIPAL CORPORATION DETERMINES**  
13 ~~**AND UNDER AN AGREEMENT DESCRIBED IN SUBSECTION (G)(3) OF THIS**~~  
14 ~~**SECTION, TO:**~~

15 **A. PAY COSTS OF INFRASTRUCTURE IMPROVEMENTS**  
16 **LOCATED IN OR SUPPORTING A TRANSIT-ORIENTED DEVELOPMENT;**

17 **B. PAY COSTS OF OPERATION AND MAINTENANCE OF**  
18 **INFRASTRUCTURE IMPROVEMENTS LOCATED IN OR SUPPORTING A**  
19 **TRANSIT-ORIENTED DEVELOPMENT; OR**

20 **C. SECURE PAYMENT BY THE MUNICIPAL**  
21 **CORPORATION OF ITS OBLIGATIONS UNDER THE AN AGREEMENT DESCRIBED IN**  
22 **SUBSECTION (F)(3) OF THIS SECTION.**

23 **(II)** Ad valorem taxes shall be levied in the same manner, upon  
24 the same assessments, for the same period or periods, and as of the same date or dates  
25 of finality as are now or may hereafter be prescribed for general ad valorem tax  
26 purposes within the district[, and shall be discontinued when all of the bonds have  
27 been paid in full]. ~~Special taxes shall be levied pursuant to subsection (n) of this~~  
28 ~~section.~~

29 **(III)** Special taxes shall be levied pursuant to subsection (n) of  
30 this section.

31 (2) The resolution creating a special fund under paragraph [(1)(ii)]  
32 **(1)(I)2** of this subsection shall:

33 (i) Pledge to the special fund the proceeds of the ad valorem or  
34 special tax to be levied as provided under paragraph [(1)(iii)] **(1)(I)3** of this  
35 subsection; and

1 (ii) Require that the proceeds from the tax be paid into the  
2 special fund.

3 (f) (1) [When] **EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS**  
4 **SUBSECTION, WHEN** no bonds authorized by this section **AND NO MEDCO**  
5 **OBLIGATIONS DESCRIBED IN PARAGRAPH (3) OF THIS SUBSECTION** are  
6 outstanding with respect to a special taxing district, and the governing body of the  
7 municipal corporation [so] determines[,] **NOT TO USE MONEYS IN THE SPECIAL**  
8 **FUND FOR THE PAYMENT OF COSTS OF INFRASTRUCTURE IMPROVEMENTS**  
9 **LOCATED IN OR SUPPORTING A TRANSIT-ORIENTED DEVELOPMENT OR THE**  
10 **PAYMENT OF COSTS OF OPERATION AND MAINTENANCE OF INFRASTRUCTURE**  
11 **IMPROVEMENTS LOCATED IN OR SUPPORTING A TRANSIT-ORIENTED**  
12 **DEVELOPMENT:**

13 (I) **THE SPECIAL TAXING DISTRICT SHALL BE TERMINATED;**  
14 **AND**

15 (II) **ANY moneys REMAINING** in the special fund **ON THE DATE**  
16 **OF TERMINATION OF THE SPECIAL TAXING DISTRICT** may be paid to the general  
17 fund of the municipal corporation.

18 (2) **WHEN NO BONDS AUTHORIZED BY THIS SECTION ARE**  
19 **OUTSTANDING WITH RESPECT TO A SPECIAL TAXING DISTRICT, AND THE**  
20 **GOVERNING BODY OF THE MUNICIPAL CORPORATION SO DETERMINES, MONEYS**  
21 **IN THE SPECIAL FUND MAY BE:**

22 (I) **USED FOR ANY PURPOSES DESCRIBED IN THIS SECTION;**

23 (II) **ACCUMULATED FOR PAYMENT OF DEBT SERVICE ON**  
24 **BONDS SUBSEQUENTLY ISSUED UNDER THIS SECTION;**

25 (III) **USED TO PAY OR REIMBURSE THE MUNICIPAL**  
26 **CORPORATION FOR DEBT SERVICE THAT THE MUNICIPAL CORPORATION IS**  
27 **OBLIGATED TO PAY OR HAS PAID, EITHER AS A GENERAL OR A LIMITED**  
28 **OBLIGATION, ON MEDCO OBLIGATIONS, OR ANY BOND, NOTE, OR OTHER**  
29 **SIMILAR INSTRUMENT ISSUED BY THE STATE, OR ANY UNIT, DEPARTMENT, OR**  
30 **POLITICAL SUBDIVISION OF THE STATE, THE PROCEEDS OF WHICH HAVE BEEN**  
31 **USED FOR ANY OF THE PURPOSES SPECIFIED IN THIS SECTION; OR**

32 (IV) **PAID TO THE MUNICIPAL CORPORATION TO PROVIDE**  
33 **FUNDS TO BE USED FOR ANY LEGAL PURPOSES AS THE GOVERNING BODY OF**  
34 **THE MUNICIPAL CORPORATION MAY DETERMINE.**

1           **(3) (I) A MUNICIPAL CORPORATION THAT HAS CREATED A**  
 2 **SPECIAL FUND FOR A SPECIAL TAXING DISTRICT MAY PLEDGE UNDER AN**  
 3 **AGREEMENT THAT AMOUNTS DEPOSITED TO THE SPECIAL FUND SHALL, AS THE**  
 4 **GOVERNING BODY OF THE MUNICIPAL CORPORATION MAY DETERMINE, BE PAID**  
 5 **OVER TO:**

6                   **1. SECURE PAYMENT ON MEDCO OBLIGATIONS;**

7                   **2. PROVIDE FOR THE PAYMENT OF COSTS OF**  
 8 **INFRASTRUCTURE IMPROVEMENTS LOCATED IN OR SUPPORTING A**  
 9 **TRANSIT-ORIENTED DEVELOPMENT; AND**

10                  **3. PROVIDE FOR THE PAYMENT OF COSTS OF**  
 11 **OPERATION AND MAINTENANCE OF INFRASTRUCTURE IMPROVEMENTS**  
 12 **LOCATED IN OR SUPPORTING A TRANSIT-ORIENTED DEVELOPMENT.**

13                   **(II) THE AGREEMENT SHALL:**

14                   **1. BE AUTHORIZED BY ORDINANCE OR RESOLUTION**  
 15 **OF THE MUNICIPAL CORPORATION;**

16                   **2. BE IN WRITING;**

17                   **3. BE EXECUTED ON BEHALF OF THE MUNICIPAL**  
 18 **CORPORATION MAKING THE PLEDGE, THE MARYLAND ECONOMIC**  
 19 **DEVELOPMENT CORPORATION, AND THE OTHER PERSONS OR ENTITIES THAT**  
 20 **THE GOVERNING BODY OF THE MUNICIPAL CORPORATION DETERMINES; AND**

21                   **4. RUN TO THE BENEFIT OF AND BE ENFORCEABLE**  
 22 **ON BEHALF OF THE HOLDERS OF ANY MEDCO OBLIGATIONS SECURED BY THE**  
 23 **AGREEMENT.**

24                   **Article 24 – Political Subdivisions – Miscellaneous Provisions**

25           9–1301.

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

27                   (2) (i) “Bond” means a special obligation bond, revenue bond, note,  
 28 or other similar instrument issued by the county in accordance with this section.

29                   (ii) “Bond” includes a special obligation bond, revenue bond,  
 30 note, or similar instrument issued by the revenue authority of Prince George’s County.

31                   (3) “Cost” includes the cost of:



1 (i) Construction, reconstruction, and renovation, and  
2 acquisition of all lands, structures, real or personal property, rights, rights-of-way,  
3 franchises, easements, and interests acquired or to be acquired by the [county]  
4 **MARYLAND ECONOMIC DEVELOPMENT CORPORATION, OR THE STATE, ANY**  
5 **UNIT OR DEPARTMENT OR POLITICAL SUBDIVISION OF THE STATE, OR ANY**  
6 **OTHER GOVERNMENTAL UNIT HAVING JURISDICTION OF THE INFRASTRUCTURE**  
7 **IMPROVEMENT;**

8 (ii) All machinery and equipment including machinery and  
9 equipment needed to expand or enhance county services to the special taxing district;

10 (iii) Financing charges and interest prior to and during  
11 construction, and, if deemed advisable by the county, for a limited period after  
12 completion of the construction, interest and reserves for principal and interest,  
13 including costs of municipal bond insurance and any other type of financial guaranty  
14 and costs of issuance;

15 (iv) Extensions, enlargements, additions, and improvements;

16 (v) Architectural, engineering, financial, and legal services;

17 (vi) Plans, specifications, studies, surveys, and estimates of cost  
18 and of revenues;

19 (vii) Administrative expenses necessary or incident to  
20 determining to proceed with the infrastructure improvements; and

21 (viii) Other expenses as may be necessary or incident to the  
22 construction, acquisition, and financing of the infrastructure improvements.

23 (4) In Prince George's County, "cost" includes the cost of renovation,  
24 rehabilitation, and repair of existing buildings, internal and external structural  
25 systems, elevators, facades, mechanical systems and components, and security  
26 systems.

27 (5) **"MEDCO OBLIGATION" MEANS ANY BOND, NOTE, OR OTHER**  
28 **SIMILAR INSTRUMENT THAT THE MARYLAND ECONOMIC DEVELOPMENT**  
29 **CORPORATION ISSUES UNDER AUTHORITY OTHER THAN THIS SECTION TO**  
30 **FINANCE THE PURPOSES SPECIFIED IN SUBSECTION (C)(2) OR (E)(3) OF THIS**  
31 **SECTION ONLY WITH RESPECT TO INFRASTRUCTURE IMPROVEMENTS LOCATED**  
32 **IN OR SUPPORTING A TRANSIT-ORIENTED DEVELOPMENT.**

33 (6) **"TRANSIT-ORIENTED DEVELOPMENT" HAS THE MEANING**  
34 **STATED IN § 7-101 OF THE TRANSPORTATION ARTICLE.**

1 (b) This section applies only to Anne Arundel County, **BALTIMORE**  
2 **COUNTY**, Calvert County, Cecil County, Charles County, Garrett County, Harford  
3 County, Howard County, Prince George's County, St. Mary's County, Washington  
4 County, and Wicomico County.

5 (c) (1) Subject to the provisions of this section, and for the purpose stated  
6 in paragraph (2) of this subsection, the county may:

- 7 (i) Create a special taxing district;
- 8 (ii) Levy ad valorem or special taxes; and
- 9 (iii) Issue bonds and other obligations.

10 (2) (I) The purpose of the authority granted under paragraph (1) of  
11 this subsection is to provide financing, refinancing, or reimbursement for the cost of  
12 the design, construction, establishment, extension, alteration, or acquisition of  
13 adequate storm drainage systems, sewers, water systems, roads, bridges, culverts,  
14 tunnels, streets, sidewalks, lighting, parking, parks and recreation facilities, libraries,  
15 schools, transit facilities, solid waste facilities, and other infrastructure improvements  
16 as necessary, whether situated within the special taxing district or outside the special  
17 taxing district if the infrastructure improvement is reasonably related to other  
18 infrastructure improvements within the special taxing district, for the development  
19 and utilization of the land, each with respect to any defined geographic region within  
20 the county.

21 (II) **THE AUTHORITY GRANTED UNDER PARAGRAPH (1)(I)**  
22 **AND (II) OF THIS SUBSECTION ALSO MAKES AVAILABLE A SOURCE OF FUNDING**  
23 **FOR PAYMENT OF COSTS OF:**

24 **1. INFRASTRUCTURE IMPROVEMENTS LOCATED IN**  
25 **OR SUPPORTING A TRANSIT-ORIENTED DEVELOPMENT; AND**

26 **2. OPERATION AND MAINTENANCE OF**  
27 **INFRASTRUCTURE IMPROVEMENTS LOCATED IN OR SUPPORTING A**  
28 **TRANSIT-ORIENTED DEVELOPMENT.**

29 (e) (3) All proceeds received from any bonds issued and sold shall be  
30 applied solely to pay the cost of infrastructure improvements, including:

31 (i) Costs of design, construction, establishment, extension,  
32 alteration, or acquisition of infrastructure improvements;

33 (ii) Costs of issuing bonds;

1 (iii) Payment of the principal and interest on loans, money  
 2 advances, or indebtedness incurred by the county for any of the purposes stated in  
 3 subsection (c)(2) of this section, including the refunding of bonds previously issued  
 4 under this section; and

5 (iv) Funding of a debt service reserve fund or payment of  
 6 interest prior to, during, or for a limited period of time after construction.

7 (f) (1) (I) [Before issuing these bonds, the] **THE** governing body of the  
 8 county [shall] **MAY**:

9 [(i)] 1. Designate by resolution an area or areas as a special  
 10 taxing district;

11 [(ii)] 2. Subject to paragraph (2) of this subsection, adopt a  
 12 resolution creating a special fund with respect to the special taxing district; and

13 [(iii)] 3. Provide for the levy of an ad valorem or special tax on  
 14 all real and personal property within the special taxing district at a rate or amount  
 15 designed to provide adequate revenues to pay the principal of, interest on, and  
 16 redemption premium, if any, on the bonds, to replenish any debt service reserve fund,  
 17 and for any other purpose related to the ongoing expenses of or security for the bonds,  
 18 **AND, AS THE GOVERNING BODY OF THE COUNTY DETERMINES ~~AND UNDER AN~~**  
 19 **~~AGREEMENT DESCRIBED IN SUBSECTION (G)(3) OF THIS SECTION, TO:~~**

20 **A. PAY COSTS OF INFRASTRUCTURE IMPROVEMENTS**  
 21 **LOCATED IN OR SUPPORTING A TRANSIT-ORIENTED DEVELOPMENT;**

22 **B. ~~COSTS~~ PAY COSTS OF OPERATION AND**  
 23 **MAINTENANCE OF INFRASTRUCTURE IMPROVEMENTS LOCATED IN OR**  
 24 **SUPPORTING A TRANSIT-ORIENTED DEVELOPMENT; OR**

25 **C. SECURE PAYMENT BY THE ~~MUNICIPAL~~**  
 26 **~~CORPORATION~~ COUNTY OF ITS OBLIGATIONS UNDER ~~THE~~ AN AGREEMENT**  
 27 **DESCRIBED IN SUBSECTION (G)(3) OF THIS SECTION.**

28 (II) Ad valorem taxes shall be levied in the same manner, upon  
 29 the same assessments, for the same period or periods, and as of the same date or dates  
 30 of finality as are now or may hereafter be prescribed for general ad valorem tax  
 31 purposes within the district[, and shall be discontinued when all of the bonds have  
 32 been paid in full].

33 (III) Special taxes shall be levied pursuant to subsection (o) of  
 34 this section.

1                   (2) The resolution creating a special fund under paragraph [(1)(ii)]  
2 **(1)(I)2** of this subsection shall:

3                   (i) Pledge to the special fund the proceeds of the ad valorem or  
4 special tax to be levied as provided under paragraph [(1)(iii)] **(1)(I)3** of this  
5 subsection; and

6                   (ii) Require that the proceeds from the tax be paid into the  
7 special fund.

8                   (g) (1) Except as provided in paragraph (2) of this subsection, when no  
9 bonds authorized by this section **AND NO MEDCO OBLIGATIONS DESCRIBED IN**  
10 **PARAGRAPH (3) OF THIS SUBSECTION** are outstanding with respect to a special  
11 taxing district **AND THE GOVERNING BODY OF THE COUNTY DETERMINES NOT TO**  
12 **USE MONEYS IN THE SPECIAL FUND FOR PAYMENT OF COSTS OF**  
13 **INFRASTRUCTURE IMPROVEMENTS LOCATED IN OR SUPPORTING A**  
14 **TRANSIT-ORIENTED DEVELOPMENT, OR THE PAYMENT OF COSTS OF**  
15 **OPERATION AND MAINTENANCE OF INFRASTRUCTURES IMPROVEMENTS**  
16 **LOCATED IN OR SUPPORTING A TRANSIT-ORIENTED DEVELOPMENT:**

17                   (i) The special taxing district shall be terminated; and

18                   (ii) Any moneys remaining in the special fund on the date of  
19 termination of the special taxing district shall be paid to the general fund of the  
20 county.

21                   (2) When no bonds authorized by this section are outstanding with  
22 respect to a special taxing district ~~in Prince George's County~~ and the [Prince George's  
23 County Council] **GOVERNING BODY OF THE COUNTY** so determines, moneys in the  
24 special fund may be:

25                   (i) Used for any of the purposes described in this section;

26                   (ii) Accumulated for payment of debt service on bonds  
27 subsequently issued under this section;

28                   (iii) Used to pay or reimburse the county for debt service [which]  
29 **THAT** the county is obligated to pay or has [paid (whether such obligation is] **PAID,**  
30 **EITHER AS A** general or [limited)] **LIMITED OBLIGATION** on ~~bonds issued by the~~  
31 ~~State of Maryland, any agency, department or political subdivision thereof, or the~~  
32 ~~revenue authority of Prince George's County,~~ **MEDCO OBLIGATIONS, OR ANY**  
33 **BOND, NOTE, OR OTHER SIMILAR INSTRUMENT ISSUED BY THE STATE, OR BY**  
34 **ANY UNIT, DEPARTMENT, OR POLITICAL SUBDIVISION OF THE STATE, OR BY THE**  
35 **REVENUE AUTHORITY OF PRINCE GEORGE'S COUNTY,** the proceeds of which have  
36 been used for any of the purposes specified in this section; or

1 (iv) Paid to the county to provide funds to be used for any legal  
2 purpose as [may be determined by] the **GOVERNING BODY OF THE** county **MAY**  
3 **DETERMINE.**

4 (3) (I) **A COUNTY THAT HAS CREATED A SPECIAL FUND FOR A**  
5 **SPECIAL TAXING DISTRICT MAY PLEDGE, UNDER AN AGREEMENT, THAT**  
6 **AMOUNTS DEPOSITED TO THE SPECIAL FUND SHALL, AS THE GOVERNING BODY**  
7 **OF THE COUNTY MAY DETERMINE, BE PAID OVER TO:**

8 1. **SECURE PAYMENT ON MEDCO OBLIGATIONS;**

9 2. **PROVIDE FOR THE PAYMENT OF COSTS OF**  
10 **INFRASTRUCTURE IMPROVEMENTS LOCATED IN OR SUPPORTING A**  
11 **TRANSIT-ORIENTED DEVELOPMENT; AND**

12 3. **PROVIDE FOR THE PAYMENT OF COSTS OF**  
13 **OPERATION AND MAINTENANCE OF INFRASTRUCTURE IMPROVEMENTS**  
14 **LOCATED IN OR SUPPORTING A TRANSIT-ORIENTED DEVELOPMENT.**

15 (II) **THE AGREEMENT SHALL:**

16 1. **BE AUTHORIZED BY ORDINANCE OR RESOLUTION**  
17 **OF THE COUNTY;**

18 2. **BE IN WRITING;**

19 3. **BE EXECUTED ON BEHALF OF THE COUNTY**  
20 **MAKING THE PLEDGE, THE MARYLAND ECONOMIC DEVELOPMENT**  
21 **CORPORATION, AND THE OTHER PERSONS OR ENTITIES THAT THE GOVERNING**  
22 **BODY OF THE COUNTY DETERMINES; AND**

23 4. **RUN TO THE BENEFIT OF AND BE ENFORCEABLE**  
24 **ON BEHALF OF THE HOLDERS OF ANY MEDCO OBLIGATIONS SECURED BY THE**  
25 **AGREEMENT.**

26 (1) The powers granted under this section shall be regarded as supplemental  
27 and additional to powers conferred by other laws, and may not be regarded as in  
28 derogation of any powers now existing, **INCLUDING POWERS PROVIDED IN ARTICLE**  
29 **25, ARTICLE 25A, OR ARTICLE 25B OF THE CODE.**

30 **Article – Economic Development**

31 12-201.

1           **(J) “MEDCO OBLIGATION” MEANS A BOND, NOTE, OR OTHER SIMILAR**  
2 **INSTRUMENT THAT THE MARYLAND ECONOMIC DEVELOPMENT CORPORATION**  
3 **ISSUES UNDER AUTHORITY OTHER THAN THIS SUBTITLE TO FINANCE THE COST**  
4 **OF INFRASTRUCTURE IMPROVEMENTS LOCATED IN OR SUPPORTING A**  
5 **TRANSIT-ORIENTED DEVELOPMENT.**

6           **(Q) “TRANSIT-ORIENTED DEVELOPMENT” HAS THE MEANING STATED**  
7 **IN § 7-101 OF THE TRANSPORTATION ARTICLE.**

8 12-209.

9           (a) Subject to subsection [(b)] (C) of this section, the special fund for the  
10 development district may be used for any of the following purposes as determined by  
11 the governing body of the political subdivision:

12           (1) a purpose specified in § 12-207 of this subtitle;

13           (2) accumulated to pay debt service on bonds to be issued later;

14           (3) payment or reimbursement of debt service, **OR PAYMENTS UNDER**  
15 **AN AGREEMENT DESCRIBED IN SUBSECTION (B) OF THIS SECTION**, that the  
16 political subdivision is obliged under a general or limited obligation to pay, or has  
17 paid, on **OR RELATING TO** bonds issued by the State, a political subdivision, or the  
18 revenue authority of Prince George’s County if the proceeds were used for a purpose  
19 specified in § 12-207 of this subtitle; or

20           (4) payment to the political subdivision for any other legal purpose.

21           **(B) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE**  
22 **POLITICAL SUBDIVISION THAT HAS CREATED A SPECIAL FUND FOR A**  
23 **DEVELOPMENT DISTRICT MAY PLEDGE UNDER AN AGREEMENT THAT AMOUNTS**  
24 **DEPOSITED TO THE SPECIAL FUND SHALL BE PAID OVER TO SECURE PAYMENT**  
25 **ON MEDCO OBLIGATIONS.**

26           **(2) THE AGREEMENT SHALL:**

27           **(I) BE IN WRITING;**

28           **(II) BE EXECUTED BY THE POLITICAL SUBDIVISION MAKING**  
29 **THE PLEDGE, THE MARYLAND ECONOMIC DEVELOPMENT CORPORATION, AND**  
30 **THE OTHER PERSONS THAT THE GOVERNING BODY OF THE POLITICAL**  
31 **SUBDIVISION DETERMINES; AND**

1                   **(III) RUN TO THE BENEFIT OF AND BE ENFORCEABLE ON**  
2 **BEHALF OF THE HOLDERS OF THE MEDCO OBLIGATIONS SECURED BY THE**  
3 **AGREEMENT.**

4           **[(b)] (C)**     If bonds are outstanding with respect to a development district, the  
5 special fund may be used as described in subsection (a) of this section in any fiscal  
6 year only if:

7                   (1)     the balance of the special fund exceeds the unpaid debt service  
8 payable on the bonds in the fiscal year; and

9                   (2)     the special fund is not restricted so as to prohibit the use.

10           **[(c)] (D)**     The issuance of bonds pledging the full faith and credit of the  
11 political subdivision shall comply with appropriate county or municipal charter  
12 requirements.

13     12–210.

14           (a)     (1)     Subject to paragraph (2) of this subsection, the governing body of a  
15 political subdivision that is not the issuer may pledge under an agreement that its  
16 property taxes levied on the tax increment shall be paid into the special fund for the  
17 development district.

18                   (2)     The agreement shall:

19                           (i)     be in writing;

20                           (ii)    be executed by the governing bodies of the issuer and the  
21 political subdivision making the pledge; and

22                           (iii)   run to the benefit of and be enforceable on behalf of any  
23 bondholder.

24           (b)     The governing body of Prince George’s County may also pledge hotel  
25 rental tax revenues to the special fund.

26           **(C)    THE GOVERNING BODY OF A POLITICAL SUBDIVISION, INCLUDING**  
27 **THE ISSUER, MAY PLEDGE BY OR UNDER A RESOLUTION, INCLUDING BY AN**  
28 **AGREEMENT WITH THE ISSUER, AS APPLICABLE, THAT ALTERNATIVE LOCAL TAX**  
29 **REVENUES GENERATED WITHIN, OR THAT ARE OTHERWISE DETERMINED TO BE**  
30 **ATTRIBUTABLE TO, A DEVELOPMENT DISTRICT THAT IS A TRANSIT-ORIENTED**  
31 **DEVELOPMENT BE PAID, AS PROVIDED IN THE RESOLUTION, INTO THE SPECIAL**  
32 **FUND TO:**





1 provision or application, and for this purpose the provisions of this Act are declared  
2 severable.

3 SECTION 5. AND BE IT FURTHER ENACTED, That this Act shall take effect  
4 June 1, 2009.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.