

SENATE BILL 274

C8, Q2

9lr0244
CF HB 300

By: **The President (By Request – Administration)**

Introduced and read first time: January 23, 2009

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 3, 2009

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
16 levy of certain tax revenues, to fund the costs of infrastructure improvements,
17 or operation and maintenance of those infrastructure improvements, located in
18 or supporting a transit-oriented development; authorizing certain counties and
19 municipal corporations to use certain alternative local tax revenues for tax
20 increment financing in connection with a certain transit-oriented development;
21 adding a certain county to the list of counties authorized to exercise certain
22 powers concerning the creation of special taxing districts; providing for the
23 construction of this Act; making the provisions of this Act severable; defining
24 certain terms; and generally relating to the use of special, ad valorem, tax
25 increment, and alternative local tax revenues by certain counties and municipal
26 corporations.

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.



- 1 BY renumbering
2 Article – Economic Development
3 Section 12–201(j), (k), (l), (m), (n), and (o), respectively
4 to be Section 12–201(k), (l), (m), (n), (o), and (p), respectively
5 Annotated Code of Maryland
6 (2008 Volume)
- 7 BY repealing and reenacting, with amendments,
8 Article 23A – Corporations – Municipal
9 Section 44A(a), (b), (e), and (f)
10 Annotated Code of Maryland
11 (2005 Replacement Volume and 2008 Supplement)
- 12 BY repealing and reenacting, without amendments,
13 Article 23A – Corporations – Municipal
14 Section 44A(d)
15 Annotated Code of Maryland
16 (2005 Replacement Volume and 2008 Supplement)
- 17 BY repealing and reenacting, with amendments,
18 Article 24 – Political Subdivisions – Miscellaneous Provisions
19 Section 9–1301(a), (b), (c)(2), (f), (g), and (l)
20 Annotated Code of Maryland
21 (2005 Replacement Volume and 2008 Supplement)
- 22 BY repealing and reenacting, without amendments,
23 Article 24 – Political Subdivisions – Miscellaneous Provisions
24 Section 9–1301(c)(1) and (e)(3)
25 Annotated Code of Maryland
26 (2005 Replacement Volume and 2008 Supplement)
- 27 BY adding to
28 Article – Economic Development
29 Section 12–201(j) and (q)
30 Annotated Code of Maryland
31 (2008 Volume)
- 32 BY repealing and reenacting, with amendments,
33 Article – Economic Development
34 Section 12–209 and 12–210
35 Annotated Code of Maryland
36 (2008 Volume)
- 37 BY repealing and reenacting, without amendments,
38 Article – Transportation
39 Section 7–101(m)
40 Annotated Code of Maryland

1 (2008 Replacement Volume)

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

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

8 **Article 23A – Corporations – Municipal**

9 44A.

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

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

13 (3) “Cost” includes the cost of:

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

20 (ii) All machinery and equipment including machinery and
21 equipment needed to expand or enhance municipal services to the special taxing
22 district;

23 (iii) Financing charges and interest prior to and during
24 construction, and, if deemed advisable by the municipal corporation, for a limited
25 period after completion of the construction, interest and reserves for principal and
26 interest, including costs of municipal bond insurance and any other type of financial
27 guaranty and costs of issuance;

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

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

30 (vi) Plans, specifications, studies, surveys, and estimates of cost
31 and of revenues;

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

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

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

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

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

13 (i) Create a special taxing district;

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

15 (iii) Issue bonds and other obligations.

16 (2) (I) The purpose of the authority granted under paragraph (1) of
17 this subsection is to provide financing, refinancing, or reimbursement for the cost of
18 the design, construction, establishment, extension, alteration, or acquisition of
19 adequate storm drainage systems, sewers, water systems, roads, bridges, culverts,
20 tunnels, streets, sidewalks, lighting, parking, parks and recreation facilities, libraries,
21 schools, and other infrastructure improvements as necessary, whether situated within
22 the special taxing district or the municipal corporation or outside of the municipal
23 corporation if notification is given to the governmental unit having jurisdiction over
24 the infrastructure improvement and if the infrastructure improvement is reasonably
25 related to other infrastructure improvements within the special taxing district, for the
26 development and utilization of the land, each with respect to any defined geographic
27 region within the municipal corporation.

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

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

33 **2. OPERATION AND MAINTENANCE OF**
34 **INFRASTRUCTURE IMPROVEMENTS LOCATED IN OR SUPPORTING A**
35 **TRANSIT-ORIENTED DEVELOPMENT.**

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

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

5 (i) Establish sinking funds;

6 (ii) Establish debt service reserve funds;

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

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

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

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

15 (ii) Costs of issuing bonds;

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

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

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

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

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

28 [(iii)] **3.** Provide for the levy of an ad valorem or special tax on
29 all real and personal property within the special taxing district at a rate or amount
30 designed to provide adequate revenues to pay the principal of, interest on, and
31 redemption premium, if any, on the bonds, to replenish any debt service reserve fund,
32 and for any other purpose related to the ongoing expenses of or security for the bonds,

1 **AND, AS THE GOVERNING BODY OF THE MUNICIPAL CORPORATION DETERMINES**
 2 ~~**AND UNDER AN AGREEMENT DESCRIBED IN SUBSECTION (G)(3) OF THIS**~~
 3 ~~**SECTION, TO:**~~

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

6 **B. PAY COSTS OF OPERATION AND MAINTENANCE OF**
 7 **INFRASTRUCTURE IMPROVEMENTS LOCATED IN OR SUPPORTING A**
 8 **TRANSIT-ORIENTED DEVELOPMENT; OR**

9 **C. SECURE PAYMENT BY THE MUNICIPAL**
 10 **CORPORATION OF ITS OBLIGATIONS UNDER ~~THE~~ AN AGREEMENT DESCRIBED IN**
 11 **SUBSECTION (F)(3) OF THIS SECTION.**

12 (II) Ad valorem taxes shall be levied in the same manner, upon
 13 the same assessments, for the same period or periods, and as of the same date or dates
 14 of finality as are now or may hereafter be prescribed for general ad valorem tax
 15 purposes within the district[, and shall be discontinued when all of the bonds have
 16 been paid in full]. Special taxes shall be levied pursuant to subsection (n) of this
 17 section.

18 (III) Special taxes shall be levied pursuant to subsection (n) of
 19 this section.

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

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

25 (ii) Require that the proceeds from the tax be paid into the
 26 special fund.

27 (f) (1) [When] **EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS**
 28 **SUBSECTION, WHEN** no bonds authorized by this section **AND NO MEDCO**
 29 **OBLIGATIONS DESCRIBED IN PARAGRAPH (3) OF THIS SUBSECTION** are
 30 outstanding with respect to a special taxing district, and the governing body of the
 31 municipal corporation [so] determines[,] **NOT TO USE MONEYS IN THE SPECIAL**
 32 **FUND FOR THE PAYMENT OF COSTS OF INFRASTRUCTURE IMPROVEMENTS**
 33 **LOCATED IN OR SUPPORTING A TRANSIT-ORIENTED DEVELOPMENT OR THE**
 34 **PAYMENT OF COSTS OF OPERATION AND MAINTENANCE OF INFRASTRUCTURE**
 35 **IMPROVEMENTS LOCATED IN OR SUPPORTING A TRANSIT-ORIENTED**
 36 **DEVELOPMENT:**

1 **(I) THE SPECIAL TAXING DISTRICT SHALL BE TERMINATED;**
2 **AND**

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

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

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

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

13 **(III) USED TO PAY OR REIMBURSE THE MUNICIPAL**
14 **CORPORATION FOR DEBT SERVICE THAT THE MUNICIPAL CORPORATION IS**
15 **OBLIGATED TO PAY OR HAS PAID, EITHER AS A GENERAL OR A LIMITED**
16 **OBLIGATION, ON MEDCO OBLIGATIONS, OR ANY BOND, NOTE, OR OTHER**
17 **SIMILAR INSTRUMENT ISSUED BY THE STATE, OR ANY UNIT, DEPARTMENT, OR**
18 **POLITICAL SUBDIVISION OF THE STATE, THE PROCEEDS OF WHICH HAVE BEEN**
19 **USED FOR ANY OF THE PURPOSES SPECIFIED IN THIS SECTION; OR**

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

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

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

29 **2. PROVIDE FOR THE PAYMENT OF COSTS OF**
30 **INFRASTRUCTURE IMPROVEMENTS LOCATED IN OR SUPPORTING A**
31 **TRANSIT-ORIENTED DEVELOPMENT; AND**

32 **3. PROVIDE FOR THE PAYMENT OF COSTS OF**
33 **OPERATION AND MAINTENANCE OF INFRASTRUCTURE IMPROVEMENTS**
34 **LOCATED IN OR SUPPORTING A TRANSIT-ORIENTED DEVELOPMENT.**

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

2 **1. BE AUTHORIZED BY ORDINANCE OR RESOLUTION**
3 **OF THE MUNICIPAL CORPORATION;**

4 **2. BE IN WRITING;**

5 **3. BE EXECUTED ON BEHALF OF THE MUNICIPAL**
6 **CORPORATION MAKING THE PLEDGE, THE MARYLAND ECONOMIC**
7 **DEVELOPMENT CORPORATION, AND THE OTHER PERSONS OR ENTITIES THAT**
8 **THE GOVERNING BODY OF THE MUNICIPAL CORPORATION DETERMINES; AND**

9 **4. RUN TO THE BENEFIT OF AND BE ENFORCEABLE**
10 **ON BEHALF OF THE HOLDERS OF ANY MEDCO OBLIGATIONS SECURED BY THE**
11 **AGREEMENT.**

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

13 9–1301.

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

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

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

19 (3) “Cost” includes the cost of:

20 (i) Construction, reconstruction, and renovation, and
21 acquisition of all lands, structures, real or personal property, rights, rights-of-way,
22 franchises, easements, and interests acquired or to be acquired by the [county]
23 **MARYLAND ECONOMIC DEVELOPMENT CORPORATION, OR THE STATE, ANY**
24 **UNIT OR DEPARTMENT OR POLITICAL SUBDIVISION OF THE STATE, OR ANY**
25 **OTHER GOVERNMENTAL UNIT HAVING JURISDICTION OF THE INFRASTRUCTURE**
26 **IMPROVEMENT;**

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

29 (iii) Financing charges and interest prior to and during
30 construction, and, if deemed advisable by the county, for a limited period after
31 completion of the construction, interest and reserves for principal and interest,

1 including costs of municipal bond insurance and any other type of financial guaranty
2 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) In Prince George's County, "cost" includes the cost of renovation,
12 rehabilitation, and repair of existing buildings, internal and external structural
13 systems, elevators, facades, mechanical systems and components, and security
14 systems.

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

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

23 (b) This section applies only to Anne Arundel County, **BALTIMORE**
24 **COUNTY**, Calvert County, Cecil County, Charles County, Garrett County, Harford
25 County, Howard County, Prince George's County, St. Mary's County, Washington
26 County, and Wicomico County.

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

29 (i) Create a special taxing district;

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

31 (iii) Issue bonds and other obligations.

32 (2) (I) The purpose of the authority granted under paragraph (1) of
33 this subsection is to provide financing, refinancing, or reimbursement for the cost of

1 the design, construction, establishment, extension, alteration, or acquisition of
 2 adequate storm drainage systems, sewers, water systems, roads, bridges, culverts,
 3 tunnels, streets, sidewalks, lighting, parking, parks and recreation facilities, libraries,
 4 schools, transit facilities, solid waste facilities, and other infrastructure improvements
 5 as necessary, whether situated within the special taxing district or outside the special
 6 taxing district if the infrastructure improvement is reasonably related to other
 7 infrastructure improvements within the special taxing district, for the development
 8 and utilization of the land, each with respect to any defined geographic region within
 9 the county.

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

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

15 **2. OPERATION AND MAINTENANCE OF**
 16 **INFRASTRUCTURE IMPROVEMENTS LOCATED IN OR SUPPORTING A**
 17 **TRANSIT-ORIENTED DEVELOPMENT.**

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

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

22 (ii) Costs of issuing bonds;

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

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

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

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

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

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

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

10 **B. ~~COSTS~~ PAY COSTS OF OPERATION AND**
 11 **MAINTENANCE OF INFRASTRUCTURE IMPROVEMENTS LOCATED IN OR**
 12 **SUPPORTING A TRANSIT-ORIENTED DEVELOPMENT; OR**

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

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

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

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

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

28 (ii) Require that the proceeds from the tax be paid into the
 29 special fund.

30 (g) (1) Except as provided in paragraph (2) of this subsection, when no
 31 bonds authorized by this section **AND NO MEDCO OBLIGATIONS DESCRIBED IN**
 32 **PARAGRAPH (3) OF THIS SUBSECTION** are outstanding with respect to a special
 33 taxing district **AND THE GOVERNING BODY OF THE COUNTY DETERMINES NOT TO**
 34 **USE MONEYS IN THE SPECIAL FUND FOR PAYMENT OF COSTS OF**
 35 **INFRASTRUCTURE IMPROVEMENTS LOCATED IN OR SUPPORTING A**
 36 **TRANSIT-ORIENTED DEVELOPMENT, OR THE PAYMENT OF COSTS OF**

1 **OPERATION AND MAINTENANCE OF INFRASTRUCTURES IMPROVEMENTS**
 2 **LOCATED IN OR SUPPORTING A TRANSIT-ORIENTED DEVELOPMENT:**

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

4 (ii) Any moneys remaining in the special fund on the date of
 5 termination of the special taxing district shall be paid to the general fund of the
 6 county.

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

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

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

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

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

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

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

31 2. **PROVIDE FOR THE PAYMENT OF COSTS OF**
 32 **INFRASTRUCTURE IMPROVEMENTS LOCATED IN OR SUPPORTING A**
 33 **TRANSIT-ORIENTED DEVELOPMENT; AND**

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

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

5 **1. BE AUTHORIZED BY ORDINANCE OR RESOLUTION**
 6 **OF THE COUNTY;**

7 **2. BE IN WRITING;**

8 **3. BE EXECUTED ON BEHALF OF THE COUNTY**
 9 **MAKING THE PLEDGE, THE MARYLAND ECONOMIC DEVELOPMENT**
 10 **CORPORATION, AND THE OTHER PERSONS OR ENTITIES THAT THE GOVERNING**
 11 **BODY OF THE COUNTY DETERMINES; AND**

12 **4. RUN TO THE BENEFIT OF AND BE ENFORCEABLE**
 13 **ON BEHALF OF THE HOLDERS OF ANY MEDCO OBLIGATIONS SECURED BY THE**
 14 **AGREEMENT.**

15 (1) The powers granted under this section shall be regarded as supplemental
 16 and additional to powers conferred by other laws, and may not be regarded as in
 17 derogation of any powers now existing, **INCLUDING POWERS PROVIDED IN ARTICLE**
 18 **25, ARTICLE 25A, OR ARTICLE 25B OF THE CODE.**

19 **Article – Economic Development**

20 12-201.

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

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

28 12-209.

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

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

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

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

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

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

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

15 (I) **BE IN WRITING;**

16 (II) **BE EXECUTED BY THE POLITICAL SUBDIVISION MAKING**
17 **THE PLEDGE, THE MARYLAND ECONOMIC DEVELOPMENT CORPORATION, AND**
18 **THE OTHER PERSONS THAT THE GOVERNING BODY OF THE POLITICAL**
19 **SUBDIVISION DETERMINES; AND**

20 (III) **RUN TO THE BENEFIT OF AND BE ENFORCEABLE ON**
21 **BEHALF OF THE HOLDERS OF THE MEDCO OBLIGATIONS SECURED BY THE**
22 **AGREEMENT.**

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

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

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

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

32 12-210.

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

5 (2) The agreement shall:

6 (i) be in writing;

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

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

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

13 (c) **THE GOVERNING BODY OF A POLITICAL SUBDIVISION, INCLUDING**
 14 **THE ISSUER, MAY PLEDGE BY OR UNDER A RESOLUTION, INCLUDING BY AN**
 15 **AGREEMENT WITH THE ISSUER, AS APPLICABLE, THAT ALTERNATIVE LOCAL TAX**
 16 **REVENUES GENERATED WITHIN, OR THAT ARE OTHERWISE DETERMINED TO BE**
 17 **ATTRIBUTABLE TO, A DEVELOPMENT DISTRICT THAT IS A TRANSIT-ORIENTED**
 18 **DEVELOPMENT BE PAID, AS PROVIDED IN THE RESOLUTION, INTO THE SPECIAL**
 19 **FUND TO:**

20 (1) **SECURE THE PAYMENT OF DEBT SERVICE ON BONDS OR**
 21 **MEDCO OBLIGATIONS; OR**

22 (2) **BE APPLIED TO THE OTHER PURPOSES STATED IN § 12-209 OF**
 23 **THIS SUBTITLE.**

24 **Article – Transportation**

25 7-101.

26 (m) “Transit-oriented development” means a mix of private or public parking
 27 facilities, commercial and residential structures, and uses, improvements, and
 28 facilities customarily appurtenant to such facilities and uses, that:

29 (1) Is part of a deliberate development plan or strategy involving:

30 (i) Property that is adjacent to the passenger boarding and
 31 alighting location of a planned or existing transit station; or

1 (ii) Property, any part of which is located within one-half mile
2 of the passenger boarding and alighting location of a planned or existing transit
3 station;

4 (2) Is planned to maximize the use of transit, walking, and bicycling
5 by residents and employees; and

6 (3) Is designated as a transit-oriented development by:

7 (i) The Secretary in consultation with the secretaries of
8 Business and Economic Development, General Services, Housing and Community
9 Development, the Environment, and Planning; and

10 (ii) The local government or multicounty agency with land use
11 and planning responsibility for the relevant area.

12 SECTION 3. AND BE IT FURTHER ENACTED, That nothing contained in this
13 Act may be construed to impair, in any way, the validity of any bonds, notes, or other
14 obligations issued under Article 23A, § 44A of the Code, Article 24, § 9–1301 of the
15 Code, or §§ 12–201 through 12–213, inclusive, of the Economic Development Article or
16 the validity of any actions taken pursuant to any such authorities.

17 SECTION 4. AND BE IT FURTHER ENACTED, That if any provision of this
18 Act or the application thereof to any person or circumstance, including any covenant,
19 agreement or action provided for herein to be performed, is held invalid for any reason
20 in a court of competent jurisdiction, the invalidity does not affect other provisions or
21 any other application of this Act which can be given effect without the invalid
22 provision or application, and for this purpose the provisions of this Act are declared
23 severable.

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

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.