

SENATE BILL 679

C8

9lr2301
CF 9lr2300

By: **Senator Gladden**

Introduced and read first time: February 6, 2009

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Health and Higher Educational Facilities Authority – Payment in**
3 **Lieu of Tax Agreement**

4 FOR the purpose of prohibiting the Maryland Health and Higher Educational
5 Facilities Authority from providing certain assistance to participating
6 institutions for certain projects except under certain conditions; authorizing
7 local jurisdictions to enter into a payment in lieu of tax agreements with
8 participating institutions under certain circumstances; providing for the
9 negotiation of the agreements, the amount, date and manner of payment, and
10 the distribution of payment under this Act; and generally relating to the
11 Authority's power to issue bonds.

12 BY repealing and reenacting, with amendments,
13 Article – Economic Development
14 Section 10–315
15 Annotated Code of Maryland
16 (2008 Volume)

17 BY adding to
18 Article – Economic Development
19 Section 10–323(j) and 10–338
20 Annotated Code of Maryland
21 (2008 Volume)

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

24 **Article – Economic Development**

25 10–315.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (a) The Authority may:

2 (1) (i) acquire, directly or through a participating institution acting
3 as its agent, by purchase, gift, or devise, any property, franchises, and other interests
4 in land, including submerged land and riparian rights, located in or outside the State,
5 as necessary or convenient to construct, acquire, or operate a project, on terms and at
6 prices the Authority considers reasonable; and

7 (ii) take title to the property in the name of the Authority or the
8 participating institution as its designated agent;

9 (2) determine the location and character of a project to be financed
10 under this subtitle, or designate a participating institution as its agent to do so;

11 (3) directly, or through a participating institution acting as its
12 designated agent, acquire, improve, maintain, operate, lease as lessee or lessor, and
13 regulate a project, and enter into contracts for any of these purposes and for the
14 management of a project;

15 (4) fix and collect rates, rentals, fees, and charges for services and
16 facilities that a project provides or makes available;

17 (5) directly, or through a participating institution acting as its
18 designated agent, establish rules and regulations for the use of a project;

19 (6) mortgage, pledge, or otherwise encumber a project and its site or
20 hold a mortgage or other encumbrance on a project and its site for the benefit of the
21 holders of bonds issued to finance the project; and

22 (7) make a loan to a participating institution to:

23 (i) improve or acquire a project in accordance with an
24 agreement between the Authority and the participating institution;

25 (ii) refinance any part of a project; and

26 (iii) refund or repay bonds, mortgages, advances, loans, or other
27 obligations of the participating institution to the Authority, any person, or any unit of
28 federal, State, or local government incurred to finance any part of a project.

29 (b) The Authority may undertake a joint project for two or more participating
30 institutions.

31 (c) A loan from the Authority to a participating institution under subsection
32 (a)(7)(i) of this section may not exceed the total cost of the project as determined by the
33 participating institution and approved by the Authority.

1 (D) THE AUTHORITY MAY NOT PROVIDE ASSISTANCE UNDER THIS
2 SECTION TO A PARTICIPATING INSTITUTION FOR A PROJECT ON UNDEVELOPED
3 PROPERTY UNTIL, AS DETERMINED BY THE AUTHORITY, THE PARTICIPATING
4 INSTITUTION HAS ENTERED INTO GOOD-FAITH NEGOTIATIONS FOR A PAYMENT
5 IN LIEU OF TAX AGREEMENT WITH THE LOCAL JURISDICTION WHERE THE
6 PROPERTY IS LOCATED.

7 10-323.

8 (J) THE AUTHORITY MAY NOT ISSUE A BOND UNDER THIS SECTION TO A
9 PARTICIPATING INSTITUTION FOR A PROJECT ON UNDEVELOPED PROPERTY
10 UNTIL, AS DETERMINED BY THE AUTHORITY, THE PARTICIPATING INSTITUTION
11 HAS ENTERED INTO GOOD-FAITH NEGOTIATIONS FOR A PAYMENT IN LIEU OF
12 TAX AGREEMENT WITH THE LOCAL JURISDICTION WHERE THE PROPERTY IS
13 LOCATED.

14 10-338.

15 (A) SUBJECT TO THIS SECTION AND ON INITIATION BY THE
16 PARTICIPATING INSTITUTION SEEKING PROJECT ASSISTANCE FOR AN
17 UNDEVELOPED PROPERTY UNDER THIS SUBTITLE, THE PARTICIPATING
18 INSTITUTION AND THE LOCAL JURISDICTION WHERE THE PROJECT IS LOCATED
19 MAY JOINTLY ENTER INTO A PAYMENT IN LIEU OF TAX AGREEMENT.

20 (B) AN AGREEMENT AUTHORIZED UNDER SUBSECTION (A) OF THIS
21 SECTION IS NOT EFFECTIVE UNTIL THE AUTHORITY APPROVES IT.

22 (C) WHEN ANY DISCUSSIONS TO NEGOTIATE A PAYMENT IN LIEU OF TAX
23 AGREEMENT HAVE BEGUN, THE LOCAL JURISDICTION SHALL NOTIFY THE
24 AUTHORITY IN WRITING.

25 (D) THE PARTICIPATING INSTITUTION SHALL MAKE A PAYMENT EACH
26 YEAR IN LIEU OF PROPERTY TAXES TO THE TAX COLLECTOR FOR THE LOCAL
27 JURISDICTION WHERE THE PROJECT IS LOCATED ON THE DATES DETERMINED
28 BY THE AGREEMENT UNDER THIS SECTION.

29 (E) THE AMOUNT OF THE PAYMENTS UNDER THIS SECTION SHALL BE
30 EQUIVALENT TO THE AMOUNT AN OWNER OF THE PROPERTY WOULD PAY IN
31 LOCAL PROPERTY TAXES:

32 (1) AT THE TIME OF THE PARTICIPATING INSTITUTION'S
33 APPLICATION FOR ASSISTANCE TO THE AUTHORITY; OR

1 **(2) BEFORE A CHANGE IN THE PERMISSIBLE USES OF THE**
2 **PROPERTY REQUESTED BY THE PARTICIPATING INSTITUTION.**

3 **(F) THE PAYMENTS RECEIVED UNDER SUBSECTION (D) OF THIS**
4 **SECTION SHALL BE DEPOSITED BY THE TAX COLLECTOR INTO THE GENERAL**
5 **FUND OF THE LOCAL JURISDICTION WHERE THE PROJECT FOR WHICH THE**
6 **PARTICIPATING INSTITUTION IS SEEKING ASSISTANCE UNDER THIS SUBTITLE IS**
7 **LOCATED.**

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
9 October 1, 2009.