

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

House Bill 1370
Ways and Means

(Charles County Delegation)

Budget and Taxation

Charles County - Special Taxing Districts - Hotel Rental Taxes

This bill authorizes Charles County to create special taxing districts for the financing, refinancing, or reimbursement of costs associated with the development of resort hotels and conference centers within a waterfront planned community. The county may impose an additional hotel rental tax within a special taxing district and pledge the revenues from that tax for payment of bonds issued. The rate of the special hotel rental tax is in addition to the existing hotel rental tax and may not exceed the rate of the maximum allowed hotel rental tax rate in Charles County, which is currently 5%.

The bill takes effect July 1, 2009.

Fiscal Summary

State Effect: None.

Local Effect: Charles County revenues from bond proceeds and hotel taxes may increase within a special taxing district. Expenditures for capital improvements and debt service may also increase.

Small Business Effect: Potential Meaningful.

Analysis

Current Law: The General Assembly has granted 11 counties (Anne Arundel, Calvert, Cecil, Charles, Garrett, Harford, Howard, Prince George's, St. Mary's, Washington, and Wicomico) and Baltimore City broad authority to create special taxing districts and to levy *ad valorem* taxes and issue bonds and other obligations for purposes of financing

infrastructure improvements. The types of infrastructure improvements authorized include storm drainage systems, water and sewer systems, roads, sidewalks, lighting, parking, park and recreational facilities, libraries, schools, transit facilities, and solid waste facilities. Charles County may only impose a special tax within commercial or light industrial zones.

Before issuing bonds for approved purposes, the county governing body must designate, by resolution, an area as a special taxing district. A special tax may be imposed on all real or personal property within a special taxing district at a rate sufficient to meet debt service requirements on bonds issued for improvements within the special taxing district.

Prince George's County is authorized to impose an additional hotel rental tax within a special taxing district to finance, refinance, or reimburse the costs of convention centers, conference centers, and visitors' centers.

Background: In March 2008, the Charles County Commissioners passed Resolution Number 2008-15, which designated an area of the county as the Swan Point Special Taxing District. The resolution provided for a special fund for the special taxing district; a levy of a special tax on all taxable real property located in the special taxing district; and provided for the issuance and payment of special obligation bonds issued in connection with the special taxing district.

The county commissioners also established a development district to be known as the Swan Point Economic Development District. The county authorized creation of a special tax increment fund for the development district, and allocated certain property taxes to that fund. The county authorized up to \$38 million to be issued using tax increment financing for public infrastructure improvements relating to a hotel and conference center to be constructed within the district.

Situated in Charles County, along the northern bank of the Potomac River, the Westin Swan Point Resort & Spa is scheduled to open March 10, 2010. The hotel and conference facility is expected to have 192 spacious guest rooms, 12,000 square feet of meeting space, and approximately 25,000 square feet of flexible function space.

Local Fiscal Effect: Charles County hotel rental tax revenues within a special taxing district may increase with the additional revenue dedicated to the repayment of bonds issued for improvements within the special taxing district. Revenues from the issuance of bonds associated with a special taxing district may increase, depending on the amount of bonds that the county issues. Charles County expenditures associated with a special taxing district may increase for capital expenditures and debt service to extent that the county issues bonds to finance or refinance construction of a hotel or conference center. The county may also benefit from additional jobs provided to county residents associated with a resort hotel and conference center.

Small Business Effect: The bill provides a meaningful benefit to small businesses that seek to build, or provide services for a resort hotel and conference center within a waterfront planned community in Charles County.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Charles County, Comptroller's Office, Department of Legislative Services

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ncs/hlb

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