

SENATE BILL 63

C8

0lr0018

(PRE-FILED)

By: **Chair, Budget and Taxation Committee (By Request – Departmental – Transportation)**

Requested: November 4, 2009

Introduced and read first time: January 13, 2010

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Transit-Oriented Development – Pledge and Use of Tax Increment Revenues**
3 **– Operations and Maintenance Funding**

4 FOR the purpose of authorizing counties and municipal corporations to directly fund
5 the costs of the operation and maintenance of certain improvements for
6 transit-oriented development from the levy of tax increment revenues; and
7 generally relating to the use of tax increment revenues in or supporting
8 transit-oriented developments.

9 BY repealing and reenacting, with amendments,
10 Article – Economic Development
11 Section 12–209
12 Annotated Code of Maryland
13 (2008 Volume and 2009 Supplement)

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

16 **Article – Economic Development**

17 12–209.

18 (a) Subject to subsection (c) of this section, the special fund for the
19 development district may be used for any of the following purposes as determined by
20 the governing body of the political subdivision:

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(2) DIRECT PAYMENT OF COSTS OF OPERATION AND MAINTENANCE OF IMPROVEMENTS OF A CHARACTER ELIGIBLE FOR THE APPLICATION OF BOND PROCEEDS UNDER § 12-207 OF THIS SUBTITLE LOCATED IN OR SUPPORTING A TRANSIT-ORIENTED DEVELOPMENT;

[(2)] (3) accumulated to pay debt service on bonds to be issued later;

[(3)] (4) payment or reimbursement of debt service[, or payments under an agreement described in subsection (b) of this section,] that the political subdivision is obliged under a general or limited obligation to pay, or has paid, on [or relating to] bonds issued by the State, a political subdivision, or the revenue authority of Prince George's County if the proceeds were used for a purpose specified in § 12-207 of this subtitle; [or]

(5) PAYMENTS UNDER AN AGREEMENT DESCRIBED IN SUBSECTION (B) OF THIS SECTION; OR

[(4)] (6) payment to the political subdivision for any other legal purpose.

(b) (1) Subject to paragraph (2) of this subsection, the political subdivision that has created a special fund for a development district may pledge under an agreement that amounts deposited to the special fund shall be paid over [to secure payment on MEDCO obligations] **TO BE USED FOR ANY OF THE FOLLOWING PURPOSES AS DETERMINED BY THE POLITICAL SUBDIVISION:**

(I) TO SECURE PAYMENT ON MEDCO OBLIGATIONS IF THE PROCEEDS WERE USED FOR A PURPOSE SPECIFIED IN § 12-207 OF THIS SUBTITLE; OR

(II) TO PROVIDE FOR PAYMENT OF COSTS OF OPERATION AND MAINTENANCE OF IMPROVEMENTS OF A CHARACTER ELIGIBLE FOR THE APPLICATION OF BOND PROCEEDS UNDER § 12-207 OF THIS SUBTITLE LOCATED IN OR SUPPORTING A TRANSIT-ORIENTED DEVELOPMENT.

(2) The agreement shall:

(i) be in writing;

(ii) be executed by the political subdivision making the pledge, the Maryland Economic Development Corporation **IF ANY MEDCO OBLIGATIONS ARE SECURED BY THE AGREEMENT**, and the other persons that the governing body of the political subdivision determines; and

1 (iii) run to the benefit of and be enforceable on behalf of the
2 holders of [the] ANY MEDCO obligations secured by the agreement.

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

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

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

9 (d) The issuance of bonds pledging the full faith and credit of the political
10 subdivision shall comply with appropriate county or municipal charter requirements.

11 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
12 July 1, 2010.