

## **Chapter 726**

**(House Bill 1161)**

AN ACT concerning

### **Tax Increment Financing and Special Taxing Districts – State Hospital Redevelopment**

FOR the purpose of authorizing certain counties and municipal corporations to finance the costs of certain public improvements located in or supporting a State hospital redevelopment; authorizing certain counties and municipal corporations to designate special taxing districts, create special funds, and provide for the levy of certain taxes to pay certain costs of infrastructure improvements located in or supporting a State hospital redevelopment; authorizing certain counties and municipal corporations to pledge under an agreement that amounts deposited to a certain special fund be paid over to provide for the payment of certain infrastructure improvement costs; authorizing certain counties and municipal corporations to pledge that certain alternative local tax revenues attributable to a State hospital redevelopment be paid into a certain special fund for certain purposes; altering a certain definition; defining a certain term; and generally relating to certain authorization for certain counties and municipal corporations to finance the costs of certain public improvements located in or supporting State hospital redevelopment.

BY renumbering

Article – Economic Development  
Section 12–201(o), (p), and (q), respectively  
to be Section 12–201(p), (q), and (r), respectively  
Annotated Code of Maryland  
(2008 Volume and 2009 Supplement)

BY repealing and reenacting, with amendments,

Article 23A – Corporations – Municipal  
Section 44A(a), (b), (e), and (f)  
Annotated Code of Maryland  
(2005 Replacement Volume and 2009 Supplement)

BY repealing and reenacting, with amendments,

Article 24 – Political Subdivisions – Miscellaneous Provisions  
Section 9–1301(a), (c)(2), (f)(1), and (g)  
Annotated Code of Maryland  
(2005 Replacement Volume and 2009 Supplement)

BY repealing and reenacting, without amendments,  
 Article 24 – Political Subdivisions – Miscellaneous Provisions  
 Section 9–1301(b) and (c)(1)  
 Annotated Code of Maryland  
 (2005 Replacement Volume and 2009 Supplement)

BY repealing and reenacting, without amendments,  
 Article – Economic Development  
 Section 12–201(a)  
 Annotated Code of Maryland  
 (2008 Volume and 2009 Supplement)

BY repealing and reenacting, with amendments,  
 Article – Economic Development  
 Section 12–201(j) and 12–210  
 Annotated Code of Maryland  
 (2008 Volume and 2009 Supplement)

BY adding to  
 Article – Economic Development  
 Section 12–201(o)  
 Annotated Code of Maryland  
 (2008 Volume and 2009 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That Section(s) 12–201(o), (p), and (q), respectively, of Article – Economic Development of the Annotated Code of Maryland be renumbered to be Section(s) 12–201(p), (q), and (r), respectively.

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

### **Article 23A – Corporations – Municipal**

44A.

- (a) (1) In this section the following words have the meanings indicated.
- (2) “Bond” means a revenue bond, note, or other similar instrument issued by a municipal corporation in accordance with this section.
- (3) “Cost” includes the cost of:
- (i) Construction, reconstruction, and renovation, and acquisition of all lands, structures, property, real or personal, rights, rights-of-way, franchises, easements, and interests acquired or to be acquired by the Maryland

Economic Development Corporation, the State, any unit or department or political subdivision of the State, or any other governmental unit having jurisdiction over the infrastructure improvement;

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

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

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

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

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

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

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

(4) "MEDCO obligation" means any bond, note, or other similar instrument that the Maryland Economic Development Corporation issues under authority other than this section to finance the purposes specified in subsection (b)(2) or (d)(3) of this section only with respect to infrastructure improvements located in or supporting a transit-oriented development **OR A STATE HOSPITAL REDEVELOPMENT.**

**(5) "STATE HOSPITAL REDEVELOPMENT" MEANS ANY COMBINATION OF PRIVATE OR PUBLIC COMMERCIAL, RESIDENTIAL, OR RECREATIONAL USES, IMPROVEMENTS, AND FACILITIES THAT:**

**(I) IS PART OF A COMPREHENSIVE COORDINATED DEVELOPMENT PLAN OR STRATEGY INVOLVING:**

**1. PROPERTY THAT WAS OCCUPIED FORMERLY BY A STATE FACILITY, AS DEFINED IN § 10-101 OF THE HEALTH - GENERAL ARTICLE, OR A STATE RESIDENTIAL CENTER, AS DEFINED IN § 7-101 OF THE HEALTH - GENERAL ARTICLE; OR**

**2. PROPERTY THAT IS ADJACENT OR REASONABLY PROXIMATE TO PROPERTY THAT WAS OCCUPIED FORMERLY BY A STATE FACILITY, AS DEFINED IN § 10-101 OF THE HEALTH – GENERAL ARTICLE, OR A STATE RESIDENTIAL CENTER, AS DEFINED IN § 7-101 OF THE HEALTH – GENERAL ARTICLE;**

**(II) IN ACCORDANCE WITH DESIGN DEVELOPMENT PRINCIPLES, MAXIMIZES USE OF THE PROPERTY BY THOSE CONSTITUENCIES IT IS INTENDED TO SERVE; AND**

**(III) IS DESIGNATED AS A STATE HOSPITAL REDEVELOPMENT BY:**

**1. THE SECRETARY OF BUSINESS AND ECONOMIC DEVELOPMENT, IN CONSULTATION WITH THE SECRETARIES OF GENERAL SERVICES, HEALTH AND MENTAL HYGIENE, HOUSING AND COMMUNITY DEVELOPMENT, THE ENVIRONMENT, AND PLANNING SMART GROWTH SUBCABINET ESTABLISHED UNDER § 9-1406 OF THE STATE GOVERNMENT ARTICLE; AND**

**2. THE LOCAL GOVERNMENT OR MULTICOUNTY AGENCY WITH LAND USE AND PLANNING RESPONSIBILITY FOR THE RELEVANT AREA.**

**[(5)] (6)** “Transit-oriented development” has the meaning stated in § 7-101 of the Transportation Article.

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

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

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

the infrastructure improvement and if the infrastructure improvement is reasonably related to other infrastructure improvements within the special taxing district, for the development and utilization of the land, each with respect to any defined geographic region within the municipal corporation.

(ii) The authority granted under paragraph (1)(i) and (ii) of this subsection also makes available a source of funding for payment of costs of:

1. Infrastructure improvements located in or supporting a transit-oriented development **OR A STATE HOSPITAL REDEVELOPMENT**; and

2. Operation and maintenance of infrastructure improvements located in or supporting a transit-oriented development **OR A STATE HOSPITAL REDEVELOPMENT**.

(e) (1) (i) The governing body of the municipal corporation may:

1. Designate by resolution an area or areas as a special taxing district;

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

3. Provide for the levy of an ad valorem or special tax on all real and personal property within the special taxing district at a rate or amount designed to provide adequate revenues to pay the principal of, interest on, and redemption premium, if any, on the bonds, to replenish any debt service reserve fund, and for any other purpose related to the ongoing expenses of or security for the bonds, and, as the governing body of the municipal corporation determines, to:

A. Pay costs of infrastructure improvements located in or supporting a transit-oriented development **OR A STATE HOSPITAL REDEVELOPMENT**;

B. Pay costs of operation and maintenance of infrastructure improvements located in or supporting a transit-oriented development **OR A STATE HOSPITAL REDEVELOPMENT**; or

C. Secure payment by the municipal corporation of its obligations under an agreement described in subsection (f)(3) of this section.

(ii) Ad valorem taxes shall be levied in the same manner, upon the same assessments, for the same period or periods, and as of the same date or dates of finality as are now or may hereafter be prescribed for general ad valorem tax purposes within the district.

(iii) Special taxes shall be levied pursuant to subsection (n) of this section.

(2) The resolution creating a special fund under paragraph (1)(i)2 of this subsection shall:

(i) Pledge to the special fund the proceeds of the ad valorem or special tax to be levied as provided under paragraph (1)(i)3 of this subsection; and

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

(f) (1) Except as provided in paragraph (2) of this subsection, when no bonds authorized by this section and no MEDCO obligations described in paragraph (3) of this subsection are outstanding with respect to a special taxing district, and the governing body of the municipal corporation determines not to use moneys in the special fund for the payment of costs of infrastructure improvements located in or supporting a transit-oriented development **OR A STATE HOSPITAL REDEVELOPMENT**, or the payment of costs of operation and maintenance of infrastructure improvements located in or supporting a transit-oriented development **OR A STATE HOSPITAL REDEVELOPMENT**:

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

(ii) Any moneys remaining in the special fund on the date of termination of the special taxing district may be paid to the general fund of the municipal corporation.

(2) When no bonds authorized by this section are outstanding with respect to a special taxing district, and the governing body of the municipal corporation so determines, moneys in the special fund may be:

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

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

(iii) Used to pay or reimburse the municipal corporation for debt service that the municipal corporation is obligated to pay or has paid, either as a general or a limited obligation, on MEDCO obligations, or any bond, note, or other similar instrument issued by the State, or any unit, department, or political subdivision of the State, the proceeds of which have been used for any of the purposes specified in this section; or

(iv) Paid to the municipal corporation to provide funds to be used for any legal purposes as the governing body of the municipal corporation may determine.

(3) (i) A municipal corporation that has created a special fund for a special taxing district may pledge under an agreement that amounts deposited to the special fund shall, as the governing body of the municipal corporation may determine, be paid over to:

1. Secure payment on MEDCO obligations;
2. Provide for the payment of costs of infrastructure improvements located in or supporting a transit-oriented development **OR A STATE HOSPITAL REDEVELOPMENT**; and
3. Provide for the payment of costs of operation and maintenance of infrastructure improvements located in or supporting a transit-oriented development **OR A STATE HOSPITAL REDEVELOPMENT**.

(ii) The agreement shall:

1. Be authorized by ordinance or resolution of the municipal corporation;
2. Be in writing;
3. Be executed on behalf of the municipal corporation making the pledge, the Maryland Economic Development Corporation, and the other persons or entities that the governing body of the municipal corporation determines; and
4. Run to the benefit of and be enforceable on behalf of the holders of any MEDCO obligations secured by the agreement.

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

9–1301.

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

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

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

(3) “Cost” includes the cost of:

(i) Construction, reconstruction, and renovation, and acquisition of all lands, structures, real or personal property, rights, rights-of-way, franchises, easements, and interests acquired or to be acquired by the Maryland Economic Development Corporation, or the State, any unit or department or political subdivision of the State, or any other governmental unit having jurisdiction of the infrastructure improvement;

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

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

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

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

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

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

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

(4) In Prince George’s County, “cost” includes the cost of renovation, rehabilitation, and repair of existing buildings, internal and external structural systems, elevators, facades, mechanical systems and components, and security systems.

(5) “MEDCO obligation” means any bond, note, or other similar instrument that the Maryland Economic Development Corporation issues under authority other than this section to finance the purposes specified in subsection (c)(2) or (e)(3) of this section only with respect to infrastructure improvements located in or supporting a transit-oriented development **OR A STATE HOSPITAL REDEVELOPMENT.**

**(6) “STATE HOSPITAL REDEVELOPMENT” MEANS ANY COMBINATION OF PRIVATE OR PUBLIC COMMERCIAL, RESIDENTIAL, OR RECREATIONAL USES, IMPROVEMENTS, AND FACILITIES THAT:**



**(I) IS PART OF A COMPREHENSIVE COORDINATED DEVELOPMENT PLAN OR STRATEGY INVOLVING:**

**1. PROPERTY THAT WAS OCCUPIED FORMERLY BY A STATE FACILITY, AS DEFINED IN § 10-101 OF THE HEALTH – GENERAL ARTICLE, OR A STATE RESIDENTIAL CENTER, AS DEFINED IN § 7-101 OF THE HEALTH – GENERAL ARTICLE; OR**

**2. PROPERTY THAT IS ADJACENT OR REASONABLY PROXIMATE TO PROPERTY THAT WAS OCCUPIED FORMERLY BY A STATE FACILITY, AS DEFINED IN § 10-101 OF THE HEALTH – GENERAL ARTICLE, OR A STATE RESIDENTIAL CENTER, AS DEFINED IN § 7-101 OF THE HEALTH – GENERAL ARTICLE;**

**(II) IN ACCORDANCE WITH DESIGN DEVELOPMENT PRINCIPLES, MAXIMIZES USE OF THE PROPERTY BY THOSE CONSTITUENCIES IT IS INTENDED TO SERVE; AND**

**(III) IS DESIGNATED AS A STATE HOSPITAL REDEVELOPMENT BY:**

**1. THE ~~SECRETARY OF BUSINESS AND ECONOMIC DEVELOPMENT, IN CONSULTATION WITH THE SECRETARIES OF GENERAL SERVICES, HEALTH AND MENTAL HYGIENE, HOUSING AND COMMUNITY DEVELOPMENT, THE ENVIRONMENT, AND PLANNING~~ SMART GROWTH SUBCABINET ESTABLISHED UNDER § 9-1406 OF THE STATE GOVERNMENT ARTICLE; AND**

**2. THE LOCAL GOVERNMENT OR MULTICOUNTY AGENCY WITH LAND USE AND PLANNING RESPONSIBILITY FOR THE RELEVANT AREA.**

**[(6)] (7)** “Transit-oriented development” has the meaning stated in § 7-101 of the Transportation Article.

(b) This section applies only to Anne Arundel County, Baltimore County, Calvert County, Cecil County, Charles County, Garrett County, Harford County, Howard County, Prince George’s County, St. Mary’s County, Washington County, and Wicomico County.

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

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

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

(ii) The authority granted under paragraph (1)(i) and (ii) of this subsection also makes available a source of funding for payment of costs of:

1. Infrastructure improvements located in or supporting a transit-oriented development **OR A STATE HOSPITAL REDEVELOPMENT**; and
2. Operation and maintenance of infrastructure improvements located in or supporting a transit-oriented development **OR A STATE HOSPITAL REDEVELOPMENT**.

(f) (1) (i) The governing body of the county may:

1. Designate by resolution an area or areas as a special taxing district;
2. Subject to paragraph (2) of this subsection, adopt a resolution creating a special fund with respect to the special taxing district; and
3. Provide for the levy of an ad valorem or special tax on all real and personal property within the special taxing district at a rate or amount designed to provide adequate revenues to pay the principal of, interest on, and redemption premium, if any, on the bonds, to replenish any debt service reserve fund, and for any other purpose related to the ongoing expenses of or security for the bonds, and, as the governing body of the county determines, to:

A. Pay costs of infrastructure improvements located in or supporting a transit-oriented development **OR A STATE HOSPITAL REDEVELOPMENT**;

B. Pay costs of operation and maintenance of infrastructure improvements located in or supporting a transit-oriented development **OR A STATE HOSPITAL REDEVELOPMENT**; or

C. Secure payment by the county of its obligations under an agreement described in subsection (g)(3) of this section.

(ii) Ad valorem taxes shall be levied in the same manner, upon the same assessments, for the same period or periods, and as of the same date or dates of finality as are now or may hereafter be prescribed for general ad valorem tax purposes within the district.

(iii) Special taxes shall be levied pursuant to subsection (o) of this section.

(g) (1) Except as provided in paragraph (2) of this subsection, when no bonds authorized by this section and no MEDCO obligations described in paragraph (3) of this subsection are outstanding with respect to a special taxing district and the governing body of the county determines not to use moneys in the special fund for payment of costs of infrastructure improvements located in or supporting a transit-oriented development **OR A STATE HOSPITAL REDEVELOPMENT**, or the payment of costs of operation and maintenance of infrastructure improvements located in or supporting a transit-oriented development **OR A STATE HOSPITAL REDEVELOPMENT**:

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

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

(2) When no bonds authorized by this section are outstanding with respect to a special taxing district and the governing body of the county so determines, moneys in the special fund may be:

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

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

(iii) Used to pay or reimburse the county for debt service that the county is obligated to pay or has paid, either as a general or limited obligation on MEDCO obligations or any bond, note, or other similar instrument issued by the State, by any unit, department, or political subdivision of the State, or by the Revenue

Authority of Prince George's County, the proceeds of which have been used for any of the purposes specified in this section; or

(iv) Paid to the county to provide funds to be used for any legal purpose as the governing body of the county may determine.

(3) (i) A county that has created a special fund for a special taxing district may pledge, under an agreement, that amounts deposited to the special fund shall, as the governing body of the county may determine, be paid over to:

1. Secure payment on MEDCO obligations;
2. Provide for the payment of costs of infrastructure improvements located in or supporting a transit-oriented development **OR A STATE HOSPITAL REDEVELOPMENT**; and
3. Provide for the payment of costs of operation and maintenance of infrastructure improvements located in or supporting a transit-oriented development **OR A STATE HOSPITAL REDEVELOPMENT**.

(ii) The agreement shall:

1. Be authorized by ordinance or resolution of the county;
2. Be in writing;
3. Be executed on behalf of the county making the pledge, the Maryland Economic Development Corporation, and the other persons or entities that the governing body of the county determines; and
4. Run to the benefit of and be enforceable on behalf of the holders of any MEDCO obligations secured by the agreement.

### **Article – Economic Development**

12–201.

(a) In this subtitle the following words have the meanings indicated.

(j) “MEDCO obligation” means a bond, note, or other similar instrument that the Maryland Economic Development Corporation issues under authority other than this subtitle to finance the cost of infrastructure improvements located in or supporting a transit-oriented development **OR A STATE HOSPITAL REDEVELOPMENT**.

**(O) "STATE HOSPITAL REDEVELOPMENT" MEANS ANY COMBINATION OF PRIVATE OR PUBLIC COMMERCIAL, RESIDENTIAL, OR RECREATIONAL USES, IMPROVEMENTS, AND FACILITIES THAT:**

**(1) IS PART OF A COMPREHENSIVE COORDINATED DEVELOPMENT PLAN OR STRATEGY INVOLVING:**

**(I) PROPERTY THAT WAS OCCUPIED FORMERLY BY A STATE FACILITY, AS DEFINED IN § 10-101 OF THE HEALTH - GENERAL ARTICLE, OR A STATE RESIDENTIAL CENTER, AS DEFINED IN § 7-101 OF THE HEALTH - GENERAL ARTICLE; OR**

**(II) PROPERTY THAT IS ADJACENT OR REASONABLY PROXIMATE TO PROPERTY THAT WAS OCCUPIED FORMERLY BY A STATE FACILITY, AS DEFINED IN § 10-101 OF THE HEALTH - GENERAL ARTICLE, OR A STATE RESIDENTIAL CENTER, AS DEFINED IN § 7-101 OF THE HEALTH - GENERAL ARTICLE;**

**(2) IN ACCORDANCE WITH DESIGN DEVELOPMENT PRINCIPLES, MAXIMIZES USE OF THE PROPERTY BY THOSE CONSTITUENCIES IT IS INTENDED TO SERVE; AND**

**(3) IS DESIGNATED AS A STATE HOSPITAL REDEVELOPMENT BY:**

**~~(I) THE SECRETARY, IN CONSULTATION WITH THE SECRETARIES OF GENERAL SERVICES, HEALTH AND MENTAL HYGIENE, HOUSING AND COMMUNITY DEVELOPMENT, THE ENVIRONMENT, AND PLANNING~~ SMART GROWTH SUBCABINET ESTABLISHED UNDER § 9-1406 OF THE STATE GOVERNMENT ARTICLE; AND**

**(II) THE LOCAL GOVERNMENT OR MULTICOUNTY AGENCY WITH LAND USE AND PLANNING RESPONSIBILITY FOR THE RELEVANT AREA.**

12-210.

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

(2) The agreement shall:

(i) be in writing;

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

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

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

(c) The governing body of a political subdivision, including the issuer, may pledge by or under a resolution, including by an agreement with the issuer, as applicable, that alternative local tax revenues generated within, or that are otherwise determined to be attributable to, a development district that is a transit-oriented development **OR A STATE HOSPITAL REDEVELOPMENT** be paid, as provided in the resolution, into the special fund to:

(1) secure the payment of debt service on bonds or MEDCO obligations; or

(2) be applied to the other purposes stated in § 12-209 of this subtitle.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2010.

**Approved by the Governor, May 20, 2010.**