

Chapter 402

(House Bill 898)

AN ACT concerning

Prince George's County – Property Tax – ~~Exemption for Economic Development Projects~~ Payment in Lieu of Taxes Agreements

PG 418–12

FOR the purpose of providing for certain exemptions from county property tax under certain circumstances for certain economic development projects located in certain designated focus areas in Prince George's County; setting forth certain requirements in order to qualify for the property tax exemption; requiring certain annual reports on projects for which Prince George's County has entered into payment in lieu of taxes agreements; defining certain terms; requiring the Prince George's County Office of the County Executive to report to certain delegations of the General Assembly on or before a certain date; providing for the termination of this Act; and generally relating to a property tax exemption for certain property located in Prince George's County.

BY adding to

Article – Tax – Property

Section 7–516

Annotated Code of Maryland

(2007 Replacement Volume and 2011 Supplement)

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

Article – Tax – Property

7–516.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) “DESIGNATED FOCUS AREA” MEANS:

(I) A TRANSIT-ORIENTED DEVELOPMENT, DEFINED AS A DEVELOPMENT OR PROJECT WITHIN ONE-HALF MILE OF A WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY TRANSIT STATION OR ONE-HALF MILE OF A MARYLAND AREA REGIONAL COMMUTER TRANSIT STATION, AS

MEASURED FROM THE MAIN ENTRANCE OF THE BUILDING TO THE NEAREST ENTRANCE OF THE TRANSIT STATION;

(II) A REVITALIZATION TAX CREDIT DISTRICT, AS DEFINED IN § 10-235.02 OF THE PRINCE GEORGE'S COUNTY CODE AND DESIGNATED BY THE GOVERNING BODY OF PRINCE GEORGE'S COUNTY; ~~AND OR~~ OR

(III) AN URBAN RENEWAL AREA, AS DESIGNATED BY THE GOVERNING BODY OF PRINCE GEORGE'S COUNTY.

(3) "ECONOMIC DEVELOPMENT PROJECT" MEANS A REAL ESTATE DEVELOPMENT PROJECT THAT CONSISTS OF NEWLY CONSTRUCTED OR REHABILITATED COMMERCIAL ~~OR MULTIFAMILY RESIDENTIAL~~ PROPERTY IF THE REAL ESTATE DEVELOPMENT PROJECT:

(I) HAS A CERTIFICATE OF OCCUPANCY ISSUED ON OR AFTER OCTOBER 1, 2012;

(II) IS LOCATED ON ONE OR MORE PARCELS OF LAND, ALL OF WHICH ARE SITUATED IN A DESIGNATED FOCUS AREA; AND

(III) INCLUDES AT LEAST ONE OF THE FOLLOWING:

1. A HOTEL THAT:

A. PROVIDES AT LEAST 100 FULL-TIME EQUIVALENT JOB OPPORTUNITIES; AND

B. HAS A PRIVATE CAPITAL INVESTMENT OF EQUITY AND DEBT COMBINED OF AT LEAST \$20,000,000;

2. AN OFFICE BUILDING THAT:

A. PROVIDES AT LEAST ~~150~~ 100 FULL-TIME EQUIVALENT JOB OPPORTUNITIES; AND

B. HAS A PRIVATE CAPITAL INVESTMENT OF EQUITY AND DEBT COMBINED OF AT LEAST \$20,000,000;

3. A RETAIL FACILITY THAT:

A. PROVIDES AT LEAST 100 FULL-TIME EQUIVALENT JOB OPPORTUNITIES; AND

B. HAS A PRIVATE CAPITAL INVESTMENT OF EQUITY AND DEBT COMBINED OF AT LEAST \$10,000,000;

~~4. A MULTIFAMILY RESIDENTIAL FACILITY THAT HAS A PRIVATE CAPITAL INVESTMENT OF EQUITY AND DEBT COMBINED OF AT LEAST \$5,000,000;~~

~~5.~~ AN OFF-STREET PARKING FACILITY THAT:

A. CONTAINS AT LEAST 250 PARKING SPACES; AND

B. HAS A PRIVATE CAPITAL INVESTMENT OF EQUITY AND DEBT COMBINED OF AT LEAST \$2,500,000; OR

~~6.~~ **5. A MIXED-USE FACILITY THAT CONTAINS ONE OR MORE OF THE FACILITIES DESCRIBED IN ITEMS 1 THROUGH ~~5~~ 4 OF THIS ITEM, AT LEAST ONE OF WHICH SATISFIES THE MINIMUM CRITERIA SET FORTH IN ITEM 1, 2, 3, ~~4~~, OR ~~5~~ 4 OF THIS ITEM.**

(B) THE GOVERNING BODY OF PRINCE GEORGE'S COUNTY, BY RESOLUTION, MAY EXEMPT OR PARTIALLY EXEMPT AN ECONOMIC DEVELOPMENT PROJECT FROM THE COUNTY REAL PROPERTY TAX IF:

(1) THE OWNER OR OWNERS OF THE ECONOMIC DEVELOPMENT PROJECT DEMONSTRATE TO THE SATISFACTION OF THE COUNTY EXECUTIVE AND COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY:

(I) THAT THE COUNTY OR ITS DESIGNATED AGENCY HAS CONDUCTED AN ECONOMIC ANALYSIS OF THE PROJECT, INCLUDING:

1. A DETAILED DESCRIPTION OF THE PROJECT AND THE DEVELOPMENT BUDGET, INCLUDING THE IDENTIFICATION OF ALL SOURCES OF DEBT AND EQUITY FINANCING;

2. A MULTIYEAR CASH FLOW PRO FORMA OF THE PROJECT DETAILING ALL INCOMING AND OUTGOING CASH FLOW REVENUES, OPERATING EXPENSES, DEBT SERVICE, TAXES, CAPITAL EXPENDITURES, AND ANY OTHER CASH OUTLAYS;

3. THE PROJECTED RETURN ON INVESTMENT FOR THE OWNER OR OWNERS;

4. A DETERMINATION THAT THE PROJECT IS AN ECONOMIC DEVELOPMENT PROJECT THAT MEETS THE REQUIREMENTS OF THIS SECTION; AND

5. ANY OTHER RELEVANT ANALYSIS;

(II) THE PUBLIC BENEFIT THAT THE PROJECT WILL PROVIDE, INCLUDING:

1. THE NUMBER OF JOBS EXPECTED TO BE CREATED, DIRECTLY OR INDIRECTLY, AS A RESULT OF THE PROJECT AND THE PERCENTAGE OF THOSE JOBS EXPECTED TO BE HELD BY PRINCE GEORGE'S COUNTY RESIDENTS;

2. THE WAGE RATES AND BENEFIT PACKAGES FOR THE JOBS EXPECTED TO BE CREATED;

3. OTHER PRINCE GEORGE'S COUNTY TAX REVENUES, EXCLUSIVE OF REAL PROPERTY TAXES, THAT THE PROJECT IS EXPECTED TO GENERATE DURING THE TERM OF THE PAYMENT IN LIEU OF TAXES AGREEMENT, INCLUDING INCOME, ADMISSIONS AND AMUSEMENT, PERSONAL PROPERTY, HOTEL, PARKING, ENERGY, AND OTHER TAXES;

4. THE ENCOURAGEMENT OF ECONOMIC DEVELOPMENT;

5. THE GENERAL PROMOTION AND IMPROVEMENT OF PRINCE GEORGE'S COUNTY AND ITS FACILITIES; ~~AND~~

6. THE PARTICIPATION OF LOCAL MINORITY BUSINESS ENTERPRISES AND LOCAL BUSINESS ENTERPRISES IN THE ECONOMIC DEVELOPMENT PROJECT; AND

~~6.~~ 7. ANY OTHER RELEVANT BENEFITS;

(III) THE FINANCIAL NECESSITY FOR AN EXEMPTION AUTHORIZED UNDER THIS SECTION; AND

(IV) THAT THE PRIVATE CAPITAL BEING INVESTED IN THE ECONOMIC DEVELOPMENT PROJECT INCLUDES AN EQUITY INVESTMENT THAT IS:

1. COMMENSURATE WITH THE OVERALL UNDERTAKING; AND

2. A. FOR A HOTEL OR AN OFFICE BUILDING, AN AMOUNT GREATER THAN OR EQUAL TO 10% OF THE COMBINED EQUITY AND DEBT INVESTMENT; OR

B. FOR ~~A MULTIFAMILY RESIDENTIAL FACILITY OR~~ AN OFF-STREET PARKING FACILITY, AN AMOUNT GREATER THAN OR EQUAL TO \$250,000;

(2) THE OWNER OR OWNERS OF THE ECONOMIC DEVELOPMENT PROJECT AND THE GOVERNING BODY OF PRINCE GEORGE'S COUNTY ENTER INTO A PAYMENT IN LIEU OF TAXES AGREEMENT THAT SPECIFIES:

(I) AN AMOUNT THAT THE OWNER OR OWNERS SHALL PAY TO THE COUNTY EACH YEAR IN LIEU OF THE PAYMENT OF COUNTY REAL PROPERTY TAXES DURING THE TERM OF THE AGREEMENT THAT IS NOT LESS THAN THE SUM OF:

1. THE TAXES ON THE PROPERTY BEFORE THE CONSTRUCTION OR REHABILITATION OF THE PROJECT; AND

2. ~~5%~~ 25% OF THE COUNTY REAL PROPERTY TAXES RELATED TO THE ECONOMIC DEVELOPMENT PROJECT THAT WOULD HAVE OTHERWISE BEEN DUE ABSENT THE AGREEMENT;

(II) THE TERM OF THE AGREEMENT, NOT TO EXCEED ~~25~~ 15 YEARS FROM THE DATE A CERTIFICATE OF OCCUPANCY FOR THE PROJECT IS ISSUED; AND

(III) THAT EACH YEAR AFTER THE EXPIRATION OF THE AGREEMENT, FULL PROPERTY TAXES SHALL BE PAYABLE ON THE PROPERTY; ~~AND~~

(3) PRIOR TO OR NO LATER THAN 18 MONTHS FROM THE DATE OF ENTERING INTO THE PAYMENT IN LIEU OF TAXES AGREEMENT, CONSTRUCTION OF THE PROJECT HAS COMMENCED AND ALL CONDITIONS FOR THE FINANCING REQUIRED FOR THE CONSTRUCTION OF THE PROJECT HAVE BEEN SATISFIED OR WAIVED; AND

(4) THE AUTHORIZING RESOLUTION STATES THAT THE PROJECT MAY NOT INVOLVE GAMBLING ACTIVITIES.

(C) ON OR BEFORE JANUARY 1 OF EACH YEAR, THE PRINCE GEORGE'S COUNTY EXECUTIVE OR THE COUNTY EXECUTIVE'S DESIGNATED AGENCY

SHALL SUBMIT A REPORT TO THE PRINCE GEORGE'S COUNTY COUNCIL AND TO THE PRINCE GEORGE'S COUNTY HOUSE AND SENATE DELEGATIONS OF THE GENERAL ASSEMBLY OF MARYLAND THAT CONTAINS:

(1) A DESCRIPTION OF EACH PROJECT FOR WHICH THE COUNTY ENTERED INTO A PAYMENT IN LIEU OF TAXES AGREEMENT UNDER THIS SECTION DURING THE PRIOR FISCAL YEAR, INCLUDING A STATEMENT OF:

(I) THE BASIS ON WHICH EACH PROJECT MET THE REQUIREMENTS FOR THE DEFINITION OF AN ECONOMIC DEVELOPMENT PROJECT SET FORTH IN SUBSECTION (A) OF THIS SECTION; AND

(II) THE ANALYSIS OF THE PROJECT DESCRIBED IN SUBSECTION (B)(1) OF THIS SECTION; AND

(2) FOR THOSE PROJECTS THAT HAVE A PAYMENT IN LIEU OF TAXES AGREEMENT AND FOR WHICH CONSTRUCTION OR REHABILITATION HAS BEEN COMPLETED:

(I) THE NUMBER AND TYPES OF JOBS CREATED DURING THE PRECEDING FISCAL YEAR AND ESTIMATED TO BE CREATED DURING THE FOLLOWING FISCAL YEAR;

(II) THE TOTAL TAXES THAT THE PROJECT IS ESTIMATED TO HAVE GENERATED DIRECTLY AND INDIRECTLY FOR THE COUNTY DURING THE PRECEDING FISCAL YEAR AND ESTIMATED TO BE GENERATED DURING THE FOLLOWING FISCAL YEAR; AND

(III) ANY OTHER ECONOMIC BENEFITS OF THE PROJECT.

SECTION 2. AND BE IT FURTHER ENACTED, That, on or before December 31, 2016, the Prince George's County Office of the County Executive shall report to the Chairs of the Prince George's County House and Senate Delegations, in accordance with § 2-1246 of the State Government Article, on the implementation of this Act.

SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take effect ~~October~~ July 1, 2012. It shall remain effective for a period of 5 years and, at the end of June 30, 2017, with no further action required by the General Assembly, this Act shall be abrogated and of no further force and effect.

Approved by the Governor, May 2, 2012.