

HOUSE BILL 613

C8, Q7

(3lr0124)

ENROLLED BILL

— *Environmental Matters and Ways and Means/Budget and Taxation* —

Introduced by **Chair, Environmental Matters Committee and Chair, Ways and Means Committee (By Request – Departmental – Planning) and Delegate A. Washington**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this _____ day of _____ at _____ o'clock, _____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Sustainable Communities – Designation and Financing**

3 FOR the purpose of authorizing ~~municipal corporations~~ municipalities and certain
4 counties to finance the cost of certain infrastructure improvements in a
5 sustainable community in the same manner as a transit-oriented development
6 under certain circumstances; authorizing a political subdivision to use certain
7 alternative local tax revenues for tax increment financing in connection with a
8 sustainable community under certain circumstances; providing that bonds can
9 be used for certain purposes in sustainable communities under certain
10 circumstances; authorizing a political subdivision to determine a certain base of
11 a certain brownfields site in a sustainable community under certain
12 circumstances; authorizing a political subdivision to pledge tax increment
13 revenue to secure the payment of obligations to the Maryland Economic

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber/conference committee amendments.



1 Development Corporation for infrastructure improvements located in a
 2 sustainable community; providing for the construction of this Act; providing
 3 that certain political subdivisions will get priority for State funding under
 4 certain circumstances; defining and altering certain terms; providing that the
 5 Mayor and City Council of Baltimore City may use certain authority granted
 6 under State law to a political subdivision for tax increment financing in a
 7 sustainable community for certain purposes; requiring the Department of
 8 Planning to produce a certain models and guidelines report on or before a
 9 certain date; requiring the Department to develop a certain online tax
 10 increment financing education course on or before a certain date; requiring
 11 certain officers of a local jurisdiction to complete a certain online tax increment
 12 financing education course before the local jurisdiction may use the tax
 13 increment financing authority under this Act; requiring the Department to
 14 create a certification for completion of a certain online tax increment financing
 15 education course and forward certain information about individuals who have
 16 received a certain certification to certain units of State government; and
 17 generally relating to sustainable communities.

18 ~~BY repealing and reenacting, with amendments,~~
 19 ~~Article 23A – Corporations – Municipal~~
 20 ~~Section 44A(b)~~
 21 ~~Annotated Code of Maryland~~
 22 ~~(2011 Replacement Volume and 2012 Supplement)~~

23 ~~BY repealing and reenacting, without amendments,~~
 24 ~~Article 24 – Political Subdivisions – Miscellaneous Provisions~~
 25 ~~Section 9 – 1301(e)(1)~~
 26 ~~Annotated Code of Maryland~~
 27 ~~(2011 Replacement Volume and 2012 Supplement)~~

28 ~~BY repealing and reenacting, with amendments,~~
 29 ~~Article 24 – Political Subdivisions – Miscellaneous Provisions~~
 30 ~~Section 9 – 1301(e)(2)~~
 31 ~~Annotated Code of Maryland~~
 32 ~~(2011 Replacement Volume and 2012 Supplement)~~

33 BY repealing and reenacting, without amendments,
 34 Article – Local Government
 35 Section 21–409(a) and 21–503(a)
 36 Annotated Code of Maryland
 37 (As enacted by Chapter _____ (H.B. 472) of the Acts of the General Assembly of
 38 2013)

39 BY repealing and reenacting, with amendments,
 40 Article – Local Government
 41 Section 21–410 and 21–504
 42 Annotated Code of Maryland

1 (As enacted by Chapter (H.B. 472) of the Acts of the General Assembly of
2 2013)

3 BY repealing and reenacting, with amendments,
4 Article – Economic Development
5 Section 12–201, 12–203, and 12–207 through 12–211
6 Annotated Code of Maryland
7 (2008 Volume and 2012 Supplement)

8 BY repealing and reenacting, without amendments,
9 Article – Housing and Community Development
10 Section 6–201(l) and 6–205(a)
11 Annotated Code of Maryland
12 (2006 Volume and 2012 Supplement)

13 *BY adding to*
14 *Article – Housing and Community Development*
15 *Section 6-214*
16 *Annotated Code of Maryland*
17 *(2006 Volume and 2012 Supplement)*

18 BY adding to
19 The Charter of Baltimore City
20 Article II
21 Section (62)(k) and (62A)(t)
22 (2007 Replacement Volume, as amended)

23 Preamble

24 WHEREAS, The revitalization of existing Maryland communities is a priority
25 for achieving the State’s statutory smart growth goals; and

26 WHEREAS, In 2010 the General Assembly passed the Sustainable
27 Communities Act to refine its focus on and develop a coordinated approach to creating,
28 enhancing, supporting, and revitalizing sustainable communities; and

29 WHEREAS, The State and local governments have created, through the
30 Sustainable Communities Act, a shared geography of sustainable communities that
31 have the necessary plans in place to revitalize these communities; and

32 WHEREAS, The State has targeted its redevelopment resources to these
33 sustainable communities but more financing tools are necessary; and

34 WHEREAS, Creative and effective approaches to increasing private sector
35 investment are critical to making revitalization progress in sustainable communities;
36 and

1 WHEREAS, The use of bonds by local governments for infrastructure and tax
 2 increment financing is an effective and underutilized tool for increasing private sector
 3 investment in sustainable communities; now, therefore,

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

6 ~~Article 23A—Corporations—Municipal~~

7 ~~44A.~~

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

10 ~~(i) Create a special taxing district;~~

11 ~~(ii) Levy ad valorem or special taxes; and~~

12 ~~(iii) Issue bonds and other obligations.~~

13 ~~(2) (i) The purpose of the authority granted under paragraph (1) of~~
 14 ~~this subsection is to provide financing, refinancing, or reimbursement for the cost of~~
 15 ~~the design, construction, establishment, extension, alteration, or acquisition of~~
 16 ~~adequate storm drainage systems, sewers, water systems, roads, bridges, culverts,~~
 17 ~~tunnels, streets, sidewalks, lighting, parking, parks and recreation facilities, libraries,~~
 18 ~~schools, and other infrastructure improvements as necessary, whether situated within~~
 19 ~~the special taxing district or the municipal corporation or outside of the municipal~~
 20 ~~corporation if notification is given to the governmental unit having jurisdiction over~~
 21 ~~the infrastructure improvement and if the infrastructure improvement is reasonably~~
 22 ~~related to other infrastructure improvements within the special taxing district, for the~~
 23 ~~development and utilization of the land, each with respect to any defined geographic~~
 24 ~~region within the municipal corporation.~~

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

27 ~~1. Infrastructure improvements located in or supporting~~
 28 ~~a transit-oriented development or a State hospital redevelopment; and~~

29 ~~2. Operation and maintenance of infrastructure~~
 30 ~~improvements located in or supporting a transit-oriented development or a State~~
 31 ~~hospital redevelopment.~~

32 ~~(iii) FOR THE PURPOSES OF THIS SECTION AND ANY~~
 33 ~~AUTHORITY GRANTED BY THIS SECTION, A SUSTAINABLE COMMUNITY, AS~~
 34 ~~DEFINED IN § 6-201 OF THE HOUSING AND COMMUNITY DEVELOPMENT~~

1 ~~ARTICLE, SHALL BE CONSIDERED THE SAME AS A TRANSIT-ORIENTED~~
2 ~~DEVELOPMENT.~~

3 ~~Article 24 Political Subdivisions Miscellaneous Provisions~~

4 ~~9-1301.~~

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

7 ~~(i) Create a special taxing district;~~

8 ~~(ii) Levy ad valorem or special taxes; and~~

9 ~~(iii) Issue bonds and other obligations.~~

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

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

23 ~~1. Infrastructure improvements located in or supporting~~
24 ~~a transit-oriented development or a State hospital redevelopment; and~~

25 ~~2. Operation and maintenance of infrastructure~~
26 ~~improvements located in or supporting a transit-oriented development or a State~~
27 ~~hospital redevelopment.~~

28 ~~(III) FOR THE PURPOSES OF THIS SECTION AND ANY~~
29 ~~AUTHORITY GRANTED BY THIS SECTION, A SUSTAINABLE COMMUNITY, AS~~
30 ~~DEFINED IN § 6-201 OF THE HOUSING AND COMMUNITY DEVELOPMENT~~
31 ~~ARTICLE, SHALL BE CONSIDERED THE SAME AS A TRANSIT-ORIENTED~~
32 ~~DEVELOPMENT.~~

33 Article - Local Government

1 21-409.

2 (a) For any purpose stated in § 21-410(a)(1) of this subtitle, a municipality
3 may:

4 (1) establish a special taxing district;

5 (2) impose ad valorem or special taxes; and

6 (3) issue bonds.

7 21-410.

8 (a) The purpose of the authority granted under this part is to:

9 (1) finance, refinance, or reimburse the cost of establishing, acquiring,
10 designing, constructing, altering, or extending adequate infrastructure improvements
11 as necessary for the development and use of land in any defined geographic region in
12 the municipality, including storm drainage systems, sewers, water systems, roads,
13 bridges, culverts, tunnels, sidewalks, lighting, parking, parks and recreation facilities,
14 libraries, and schools; and

15 (2) provide a source of funding for payment of costs of:

16 (i) infrastructure improvements located in or supporting a
17 transit-oriented development or a State hospital redevelopment; and

18 (ii) operation and maintenance of infrastructure improvements
19 located in or supporting a transit-oriented development or a State hospital
20 redevelopment.

21 (b) An infrastructure improvement financed under subsection (a)(1) of this
22 section may be located:

23 (1) in the special taxing district;

24 (2) in the municipality, outside the special taxing district if the
25 infrastructure improvement is reasonably related to other infrastructure
26 improvements in the special taxing district; or

27 (3) outside the municipality if:

28 (i) the infrastructure improvement is reasonably related to
29 other infrastructure improvements in the special taxing district; and

30 (ii) notice is given to the governmental unit having jurisdiction
31 over the infrastructure improvement.

1 **(C) FOR THE PURPOSES OF THIS PART AND ANY AUTHORITY GRANTED**
2 **BY THIS PART, A SUSTAINABLE COMMUNITY, AS DEFINED IN § 6-201 OF THE**
3 **HOUSING AND COMMUNITY DEVELOPMENT ARTICLE, SHALL BE CONSIDERED**
4 **THE SAME AS A TRANSIT-ORIENTED DEVELOPMENT.**

5 21-503.

6 (a) For any purpose stated in § 21-504(a)(1) of this subtitle, a county may:

7 (1) establish a special taxing district;

8 (2) impose ad valorem or special taxes; and

9 (3) issue bonds.

10 21-504.

11 (a) The purpose of the authority granted under this subtitle is to:

12 (1) finance, refinance, or reimburse the cost of establishing, acquiring,
13 designing, constructing, altering, or extending adequate infrastructure improvements
14 as necessary for the development and use of land in any defined geographic region in
15 the county, including storm drainage systems, sewers, water systems, roads, bridges,
16 culverts, tunnels, sidewalks, lighting, parking, parks and recreation facilities,
17 libraries, schools, transit facilities, and solid waste facilities; and

18 (2) provide a source of funding for payment of costs of:

19 (i) infrastructure improvements located in or supporting a
20 transit-oriented development or a State hospital redevelopment; and

21 (ii) operating and maintaining infrastructure improvements
22 located in or supporting a transit-oriented development or a State hospital
23 redevelopment.

24 (b) An infrastructure improvement financed under subsection (a)(1) of this
25 section may be located:

26 (1) in the special taxing district; or

27 (2) outside the special taxing district if the infrastructure
28 improvement is reasonably related to other infrastructure improvements in the special
29 taxing district.

1 (C) FOR THE PURPOSES OF THIS SUBTITLE AND ANY AUTHORITY
2 GRANTED BY THIS SUBTITLE, A SUSTAINABLE COMMUNITY, AS DEFINED IN §
3 6-201 OF THE HOUSING AND COMMUNITY DEVELOPMENT ARTICLE, SHALL BE
4 CONSIDERED THE SAME AS A TRANSIT-ORIENTED DEVELOPMENT.

5 **Article – Economic Development**

6 12-201.

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

8 (b) “Adjusted assessable base” means the fair market value of real property
9 that qualifies for a farm or agricultural use under § 8-209 of the Tax – Property
10 Article, without regard to the agricultural use assessment for the property as of
11 January 1 of the year preceding the effective date of the resolution creating the
12 development district under § 12-203 of this subtitle.

13 (c) “Assessable base” means the total assessable base, as determined by the
14 Supervisor of Assessments **OR THE GOVERNING BODY IN ACCORDANCE WITH §**
15 **~~12-203~~ 12-203(B) OF THIS SUBTITLE**, of all real property subject to taxation in a
16 development district **~~OR IDENTIFYING THE~~ A SUSTAINABLE COMMUNITY**.

17 (d) (1) “Assessment ratio” means a real property tax assessment ratio,
18 however designated or calculated, that is used under applicable general law to
19 determine the assessable base.

20 (2) “Assessment ratio” includes the assessment percentage specified
21 under § 8-103(c) of the Tax – Property Article.

22 (e) “Bond” means a revenue bond, note, or other similar instrument issued in
23 accordance with this subtitle by:

24 (1) a political subdivision; or

25 (2) the revenue authority of Prince George’s County.

26 (f) “Chief executive” means the president, chair, mayor, or other chief
27 executive officer of a political subdivision or the revenue authority of Prince George’s
28 County.

29 (g) “Development” includes new development, redevelopment, revitalization,
30 and renovation.

31 (h) “Development district” means a contiguous area designated by a
32 resolution.

1 (i) “Issuer” means a political subdivision or the revenue authority of Prince
2 George’s County that issues a bond under this subtitle.

3 (j) “MEDCO obligation” means a bond, note, or other similar instrument
4 that the Maryland Economic Development Corporation issues under authority other
5 than this subtitle to finance the cost of infrastructure improvements located in or
6 supporting a transit-oriented development, A SUSTAINABLE COMMUNITY, or a State
7 hospital redevelopment.

8 (k) “Original [assessable] base” means the assessable base:

9 (1) as of January 1 of the year preceding the effective date of the
10 resolution creating the development district under § 12–203 of this subtitle; OR

11 (2) ~~AFTER JANUARY 1 OF THE YEAR PRECEDING THE EFFECTIVE~~
12 ~~DATE OF THE RESOLUTION CREATING THE DEVELOPMENT DISTRICT, IF THE~~
13 ~~POLITICAL SUBDIVISION DETERMINED THE ORIGINAL BASE IN ACCORDANCE~~
14 ~~WITH § 12–203 § 12–203(B) OF THIS SUBTITLE, THE BASE VALUE AS~~
15 ~~ESTABLISHED IN THE RESOLUTION.~~

16 (l) “Original full cash value” means the dollar amount that is determined by
17 dividing the original [assessable] base by the assessment ratio used to determine the
18 original [assessable] base.

19 (m) “Original taxable value” means for any tax year the dollar amount that is:

20 (1) the adjusted assessable base, if an adjusted assessable base
21 applies; or

22 (2) in all other cases, the lesser of:

23 (i) the product of multiplying the original full cash value by the
24 assessment ratio applicable to that tax year; and

25 (ii) the original [assessable] base.

26 (n) “Political subdivision” means a county or a municipal corporation.

27 (o) “State hospital redevelopment” means any combination of private or
28 public commercial, residential, or recreational uses, improvements, and facilities that:

29 (1) is part of a comprehensive coordinated development plan or
30 strategy involving:

1 (i) property that was occupied formerly by a State facility, as
 2 defined in § 10–101 of the Health – General Article, or a State residential center, as
 3 defined in § 7–101 of the Health – General Article; or

4 (ii) property that is adjacent or reasonably proximate to
 5 property that was occupied formerly by a State facility, as defined in § 10–101 of the
 6 Health – General Article, or a State residential center, as defined in § 7–101 of the
 7 Health – General Article;

8 (2) in accordance with design development principles, maximizes use
 9 of the property by those constituencies it is intended to serve; and

10 (3) is designated as a State hospital redevelopment by:

11 (i) the Smart Growth Subcabinet established under § 9–1406 of
 12 the State Government Article; and

13 (ii) the local government or multicounty agency with land use
 14 and planning responsibility for the relevant area.

15 (p) **(1) “SUSTAINABLE COMMUNITY” HAS THE MEANING STATED IN §**
 16 **6–201 OF THE HOUSING AND COMMUNITY DEVELOPMENT ARTICLE.**

17 **(2) “SUSTAINABLE COMMUNITY” INCLUDES A PORTION OF A**
 18 **SUSTAINABLE COMMUNITY.**

19 **(Q)** “Tax increment” means for any tax year the amount by which the
 20 assessable base as of January 1 of the preceding tax year exceeds the original **BASE**
 21 ~~taxable value~~ divided by the assessment ratio used to determine the original taxable
 22 value~~].~~

23 **[(q)] (R)** “Tax year” means the period from July 1 of a calendar year
 24 through June 30 of the next calendar year.

25 **[(r)] (S)** “Transit–oriented development” has the meaning stated in § 7–101
 26 of the Transportation Article.

27 12–203.

28 (a) Before issuing bonds, the governing body of the political subdivision shall:

29 (1) **[designate]** by resolution:

30 **(I) DESIGNATE** a contiguous area within its jurisdiction as a
 31 development district; **OR**

1 **(II) IDENTIFY AN AREA THAT HAS BEEN DESIGNATED A**
2 **SUSTAINABLE COMMUNITY;**

3 (2) receive from the Supervisor of Assessments a certification of the
4 amount of the original [assessable] base, or if applicable, the adjusted assessable base;
5 and

6 (3) pledge that until the bonds are fully paid, or a longer period, the
7 real property taxes in the development district **OR A SUSTAINABLE COMMUNITY**
8 shall be divided as follows:

9 (i) the portion of the taxes that would be produced at the
10 current tax rate on the original ~~taxable value~~ **BASE** shall be paid to the respective
11 taxing authorities in the same manner as taxes on other property are paid; and

12 (ii) the portion of the taxes on the tax increment that normally
13 would be paid into the general fund of the political subdivision shall be paid into the
14 special fund established under § 12–208 of this subtitle and applied in accordance with
15 § 12–209 of this subtitle.

16 (b) **(1) IN THIS SUBSECTION, “BROWNFIELDS SITE” HAS THE**
17 **MEANING STATED IN § 5–301 OF THIS ARTICLE.**

18 **(2) BEFORE ISSUING BONDS AND AS PART OF THE RESOLUTION**
19 **REQUIRED UNDER SUBSECTION (A) OF THIS SECTION, THE GOVERNING BODY OF**
20 **THE POLITICAL SUBDIVISION MAY DETERMINE THE ORIGINAL BASE OF A**
21 **BROWNFIELDS SITE IN A SUSTAINABLE COMMUNITY.**

22 **(3) THE DETERMINATION OF THE ORIGINAL BASE OF A**
23 **BROWNFIELDS SITE UNDER THIS SECTION:**

24 **(I) IS NOT A DETERMINATION OF THE VALUE OF THE**
25 **BROWNFIELDS SITE; AND**

26 **(II) MAY NOT BE USED TO DETERMINE A PROPERTY TAX**
27 **ASSESSMENT OR APPEAL OF A PROPERTY TAX ASSESSMENT UNDER THE TAX –**
28 **PROPERTY ARTICLE.**

29 **(C) The establishment OR IDENTIFICATION by a county of a development**
30 **district OR A SUSTAINABLE COMMUNITY that is wholly or partly in a municipal**
31 **corporation shall also require a resolution approving the development district OR**
32 **SUSTAINABLE COMMUNITY by the governing body of the municipal corporation.**

33 12–207.

1 (a) [Bond] **EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION,**
2 **BOND** proceeds may be used only:

3 (1) to buy, lease, condemn, or otherwise acquire property, or an
4 interest in property:

5 (i) in the development district **OR A SUSTAINABLE**
6 **COMMUNITY**; or

7 (ii) needed for a right-of-way or other easement to or from the
8 development district **OR A SUSTAINABLE COMMUNITY**;

9 (2) for site removal;

10 (3) for surveys and studies;

11 (4) to relocate businesses or residents;

12 (5) to install utilities, construct parks and playgrounds, and for other
13 needed improvements including:

14 (i) roads to, from, or in the development district;

15 (ii) parking; and

16 (iii) lighting;

17 (6) to construct or rehabilitate buildings for a governmental purpose
18 or use;

19 (7) for reserves or capitalized interest;

20 (8) for necessary costs to issue bonds; and

21 (9) to pay the principal of and interest on loans, advances, or
22 indebtedness that a political subdivision incurs for a purpose specified in this section.

23 (b) **(1) THIS SUBSECTION APPLIES TO A SUSTAINABLE COMMUNITY**
24 **IDENTIFIED UNDER § 12-203 OF THIS SUBTITLE.**

25 **(2) IN ADDITION TO THE PURPOSES UNDER SUBSECTION (A) OF**
26 **THIS SECTION AND WITHOUT LIMITING THE PURPOSES IN SUBSECTION (A) OF**
27 **THIS SECTION, BOND PROCEEDS MAY BE USED IN A SUSTAINABLE COMMUNITY**
28 **FOR:**

29 **(I) HISTORIC PRESERVATION OR REHABILITATION;**

1 **(II) ENVIRONMENTAL REMEDIATION, DEMOLITION, AND**
 2 **SITE PREPARATION;**

3 **(III) PARKING LOTS, FACILITIES, OR STRUCTURES OF ANY**
 4 **TYPE WHETHER FOR PUBLIC OR PRIVATE USE;**

5 **(IV) HIGHWAYS AS DEFINED IN § 8-101 OF THE**
 6 **TRANSPORTATION ARTICLE OR TRANSIT SERVICE AS DEFINED IN § 7-101 OF**
 7 **THE TRANSPORTATION ARTICLE THAT SUPPORT SUSTAINABLE COMMUNITIES;**

8 **(V) SCHOOLS; ~~AND~~**

9 **(VI) AFFORDABLE OR MIXED INCOME HOUSING; AND**

10 **(VII) STORMWATER MANAGEMENT AND STORM DRAIN**
 11 **FACILITIES.**

12 **(C) (1)** In addition to the purposes listed in subsection (a) of this section,
 13 the proceeds from bonds that Prince George's County or the revenue authority of
 14 Prince George's County issues may be used:

15 (i) for convention, conference, or visitors' centers;

16 (ii) to maintain infrastructure improvements and convention,
 17 conference, or visitors' centers;

18 (iii) to market development district facilities and other
 19 improvements; and

20 (iv) for the purpose of encouraging redevelopment in those areas
 21 listed in paragraph (2) of this subsection, to install infrastructure improvements,
 22 including:

23 1. streets;

24 2. parking structures of any type whether for public or
 25 private use;

26 3. utilities;

27 4. street lights;

28 5. stormwater management and storm drain facilities;

29 6. fencing;

- 1 7. noise walls;
- 2 8. retaining walls;
- 3 9. trails;
- 4 10. sidewalks;
- 5 11. pedestrian and vehicular bridges; and
- 6 12. park facilities.

7 (2) The purpose of the authority granted by paragraph (1)(iv) of this
8 subsection is to encourage redevelopment in:

- 9 (i) revitalization areas designated by the county;
- 10 (ii) mixed use centers;
- 11 (iii) blighted areas; and
- 12 (iv) the Developed Tier, growth corridors, and growth centers, as
13 defined in the county General Plan.

14 **[(c)] (D)** (1) In addition to the purposes listed in subsection (a) of this
15 section, the proceeds from bonds that a municipal corporation issues may be used for
16 the purpose of encouraging redevelopment in those areas listed in paragraph (2) of this
17 subsection, to install infrastructure improvements, including:

- 18 (i) streets;
- 19 (ii) parking structures of any type whether for public or private
20 use;
- 21 (iii) utilities;
- 22 (iv) street lights;
- 23 (v) stormwater management and storm drain facilities;
- 24 (vi) fencing;
- 25 (vii) noise walls;
- 26 (viii) retaining walls;

- 1 (ix) trails;
- 2 (x) sidewalks;
- 3 (xi) pedestrian and vehicular bridges; and
- 4 (xii) park facilities.

5 (2) The purpose of the authority granted by paragraph (1) of this
6 subsection is to encourage redevelopment in:

- 7 (i) revitalization areas designated by a county or municipal
8 corporation;
- 9 (ii) mixed use centers;
- 10 (iii) blighted areas; and
- 11 (iv) developed areas and growth areas, as defined in a county or
12 municipal corporation land use plan.

13 12–208.

14 (a) The governing body of a political subdivision may adopt a resolution
15 creating a special fund for a development district **OR A SUSTAINABLE COMMUNITY**
16 even though no bonds:

17 (1) have been issued for the development district **OR THE**
18 **SUSTAINABLE COMMUNITY**; or

19 (2) are outstanding at the time of adoption.

20 (b) The taxes allocated to the special fund in accordance with §
21 12–203(a)(3)(ii) of this subtitle shall be deposited in the special fund while the
22 resolution that created the special fund remains in effect.

23 (c) Other than tax revenues received from residential properties in Prince
24 George’s County, the tax collected under § 12–203(a)(3)(ii) of this subtitle is not
25 considered a tax of the political subdivision for the purposes of any constant yield
26 limitation or State or local restriction.

27 (d) State real property taxes may not be paid into the special fund.

28 12–209.

1 (a) Subject to subsection (c) of this section, the special fund for the
2 development district **OR THE SUSTAINABLE COMMUNITY** may be used for any of the
3 following purposes as determined by the governing body of the political subdivision:

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

5 (2) accumulated to pay debt service on bonds to be issued later;

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

12 (4) payment to the political subdivision for any other legal purpose.

13 (b) (1) Subject to paragraph (2) of this subsection, the political subdivision
14 that has created a special fund for a development district **OR A SUSTAINABLE**
15 **COMMUNITY** may pledge under an agreement that amounts deposited to the special
16 fund shall be paid over to secure payment on MEDCO obligations.

17 (2) The agreement shall:

18 (i) be in writing;

19 (ii) be executed by the political subdivision making the pledge,
20 the Maryland Economic Development Corporation, and the other persons that the
21 governing body of the political subdivision determines; and

22 (iii) run to the benefit of and be enforceable on behalf of the
23 holders of the MEDCO obligations secured by the agreement.

24 (c) If bonds are outstanding with respect to a development district **OR A**
25 **SUSTAINABLE COMMUNITY**, the special fund may be used as described in subsection
26 (a) of this section in any fiscal year only if:

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

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

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

32 12–210.

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

5 (2) The agreement shall:

6 (i) be in writing;

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

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

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

13 (c) The governing body of a political subdivision, including the issuer, may
14 pledge by or under a resolution, including by an agreement with the issuer, as
15 applicable, that alternative local tax revenues generated within, or that are otherwise
16 determined to be attributable to, a development district that is a transit-oriented
17 development, **A SUSTAINABLE COMMUNITY**, or a State hospital redevelopment be
18 paid, as provided in the resolution, into the special fund to:

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

21 (2) be applied to the other purposes stated in § 12-209 of this subtitle.
22 12-211.

23 (a) The principal amount of bonds, interest payable on bonds, the transfer of
24 bonds, and income from bonds, including profit made in the sale or transfer of bonds,
25 are exempt from State and local taxes.

26 (b) If a political subdivision leases as a lessor its property within a
27 development district **OR A SUSTAINABLE COMMUNITY**:

28 (1) the property shall be assessed and taxed in the same manner as
29 privately owned property; and

30 (2) the lease shall require the lessee to pay taxes or payments in lieu
31 of taxes on the assessed value of the entire property and not only on the assessed
32 value of the leasehold interest.

1 **Article – Housing and Community Development**

2 6–201.

3 (1) “Sustainable community” means the part of a priority funding area that:

4 (1) as determined by the Smart Growth Subcabinet, satisfies the
5 requirements of § 6–205 of this subtitle;

6 (2) has been designated as a BRAC Revitalization and Incentive Zone
7 under Title 5, Subtitle 13 of the Economic Development Article; or

8 (3) has been designated a transit–oriented development under § 7–101
9 of the Transportation Article.

10 6–205.

11 (a) The Smart Growth Subcabinet, on the recommendation of the Secretary,
12 may designate an area as a sustainable community if the sponsor demonstrates that
13 past and current trends in homeownership, property values, commercial and
14 residential vacancy, and business or housing investment show a need for reinvestment
15 in the area and if:

16 (1) entities in the community, such as local governments, employers,
17 educational institutions, civic organizations, community organizations, or cultural
18 organizations, support the proposed sustainable community plan and have pledged
19 resources to develop or implement it;

20 (2) the proposed sustainable community plan addresses the need for
21 reinvestment in the area and will enhance the area, and give individuals of different
22 incomes a range of housing options, employment opportunities, and other amenities;

23 (3) a community in the proposed area is culturally or historically
24 significant;

25 (4) the proposed area is near a town center or a transportation center;

26 (5) the proposed sustainable community plan is consistent with and
27 complements other existing or proposed projects for housing, commercial or
28 community development, education, historic preservation, neighborhood revitalization,
29 transportation, or other things significant to the comprehensive enhancement of the
30 community; or

31 (6) there is a demonstrated need for financing assistance for small
32 businesses, nonprofit organizations, or microenterprises.

1 6-214.

2 (A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, A SUSTAINABLE
3 COMMUNITY SHALL RECEIVE PRIORITY FOR STATE FUNDING UNDER THE:

4 (1) COMMUNITY LEGACY PROGRAM UNDER THIS SUBTITLE;

5 (2) SUSTAINABLE COMMUNITIES TAX CREDIT PROGRAM FOR
6 COMMERCIAL PROPERTIES UNDER TITLE 5A, SUBTITLE 3 OF THE STATE
7 FINANCE AND PROCUREMENT ARTICLE;

8 (3) NEIGHBORHOOD BUSINESS DEVELOPMENT PROGRAM UNDER
9 SUBTITLE 3 OF THIS TITLE;

10 (4) MARYLAND HISTORICAL TRUST GRANT PROGRAM UNDER
11 TITLE 5A, SUBTITLE 3 OF THE STATE FINANCE AND PROCUREMENT ARTICLE;
12 AND

13 (5) AFRICAN AMERICAN HERITAGE GRANT PROGRAM UNDER
14 TITLE 5A, SUBTITLE 3 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

15 (B) PRIORITY FOR STATE FUNDING PROVIDED UNDER SUBSECTION (A)
16 OF THIS SECTION IS AVAILABLE IN A SUSTAINABLE COMMUNITY ONLY IF:

17 (1) A POLITICAL SUBDIVISION ISSUES BONDS, NOTES, OR OTHER
18 SIMILAR INSTRUMENTS FOR THAT SUSTAINABLE COMMUNITY UNDER:

19 (I) TITLE 21, SUBTITLE 4, PART II OF THE LOCAL
20 GOVERNMENT ARTICLE;

21 (II) TITLE 21, SUBTITLE 5 OF THE LOCAL GOVERNMENT
22 ARTICLE; OR

23 (III) TITLE 12, SUBTITLE 2 OF THE ECONOMIC
24 DEVELOPMENT ARTICLE; OR

25 (2) A POLITICAL SUBDIVISION DEMONSTRATES TO THE
26 APPROPRIATE UNIT OF STATE GOVERNMENT THAT THE POLITICAL SUBDIVISION
27 HAS FUNDED INFRASTRUCTURE IMPROVEMENTS IN THAT SUSTAINABLE
28 COMMUNITY.

29 The Charter of Baltimore City

30 Article II – General Powers

1 The Mayor and City Council of Baltimore shall have full power and authority to
 2 exercise all of the powers heretofore or hereafter granted to it by the Constitution of
 3 Maryland or by any Public General or Public Local Laws of the State of Maryland; and
 4 in particular, without limitation upon the foregoing, shall have power by ordinance, or
 5 such other method as may be provided for in its Charter, subject to the provisions of
 6 said Constitution and Public General Laws:

7 (62)

8 (K) IN ADDITION TO THE POWERS IN THIS SECTION, THE MAYOR AND
 9 CITY COUNCIL OF BALTIMORE MAY USE THE AUTHORITY GRANTED TO A
 10 POLITICAL SUBDIVISION FOR TAX INCREMENT FINANCING IN A SUSTAINABLE
 11 COMMUNITY AS PROVIDED FOR IN TITLE 12, SUBTITLE 2 OF THE ECONOMIC
 12 DEVELOPMENT ARTICLE OF THE ANNOTATED CODE OF MARYLAND.

13 (62A)

14 (T) IN ADDITION TO THE POWERS IN THIS SECTION, THE MAYOR AND
 15 CITY COUNCIL OF BALTIMORE MAY USE THE AUTHORITY GRANTED TO A
 16 POLITICAL SUBDIVISION FOR TAX INCREMENT FINANCING IN A SUSTAINABLE
 17 COMMUNITY AS PROVIDED FOR IN TITLE 12, SUBTITLE 2 OF THE ECONOMIC
 18 DEVELOPMENT ARTICLE OF THE ANNOTATED CODE OF MARYLAND.

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act may not be
 20 construed or interpreted to limit the use outside of a sustainable community of tax
 21 increment financing as provided for in Title 12, Subtitle 2 of the Economic
 22 Development Article.

23 ~~SECTION 3. AND BE IT FURTHER ENACTED, That a political subdivision~~
 24 ~~that issues bonds, notes, or other similar instruments for a sustainable community as~~
 25 ~~provided for in Article 23A, § 44A of the Code, Article 24, § 9-1301 of the Code, Title~~
 26 ~~21, Subtitle 4, Part II or Title 21, Subtitle 5 of the Local Government Article or Title~~
 27 ~~12, Subtitle 2 of the Economic Development Article, or demonstrates to the~~
 28 ~~appropriate unit of State government that the political subdivision has funded~~
 29 ~~infrastructure improvements in a sustainable community, shall receive priority for~~
 30 ~~other State funding for that sustainable community in the following programs:~~

31 ~~(1) Community Legacy Program;~~

32 ~~(2) Sustainable Communities Tax Credit Program for commercial~~
 33 ~~properties;~~

34 ~~(3) Neighborhood Business Development Program;~~

35 ~~(4) Maryland Historical Trust Grant Programs; and~~

1 ~~(5) African American Heritage Grant Program.~~

2 SECTION 4.3. AND BE IT FURTHER ENACTED, That:

3 (a) On or before October 1, 2013, the Department of Planning shall produce a
4 models and guidelines report on the best practices for tax increment financing.

5 (b) The models and guidelines report shall include information on the
6 services that the Maryland Economic Development Corporation can offer local
7 jurisdictions relating to tax increment financing in sustainable communities.

8 SECTION 5.4. AND BE IT FURTHER ENACTED, That:

9 (a) On or before October 1, 2013, the Department of Planning shall develop
10 an online tax increment financing education course.

11 (b) The Department of Planning shall consult with the Maryland Economic
12 Development Corporation when developing the online tax increment financing
13 education course.

14 (c) The online tax increment financing education course shall include:

15 (1) the benefits and risks of tax increment financing; and

16 (2) information on the services that the Maryland Economic
17 Development Corporation can offer local jurisdictions with regard to tax increment
18 financing in sustainable communities.

19 (d) Before a local jurisdiction may use the tax increment financing authority
20 for sustainable communities established under this Act, the chief administrative
21 officer or the chief financial officer of the local jurisdiction shall complete the online
22 tax increment financing education course.

23 (e) The Department of Planning shall create a certification for completion of
24 the online tax increment financing education course and keep a record of individuals
25 who receive the certification.

26 (f) The Department of Planning shall forward the list of individuals who
27 have received the certification for completion of the online tax increment financing
28 education course to the:

29 (1) units of State government that are required to grant priority
30 funding under Section 3 of this Act; and

31 (2) the Maryland Economic Development Corporation.

1 SECTION ~~4~~ ~~6~~ 5. AND BE IT FURTHER ENACTED, That this Act shall take
2 effect October 1, 2013.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.