

HOUSE BILL 1578

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71r0962

By: **Prince George's County Delegation**

Introduced and read first time: February 17, 2017

Assigned to: Rules and Executive Nominations

Re-referred to: Ways and Means, February 27, 2017

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 15, 2017

CHAPTER _____

1 AN ACT concerning

2 **Prince George's County – Property Tax Exemption for Economic Development**
3 **Projects – Sunset ~~Repeal~~ Extension**

4 **PG 407-17**

5 FOR the purpose of ~~repealing~~ extending a certain termination provision relating to certain
6 exemptions from the county real property tax in Prince George's County for certain
7 economic development projects located in certain areas; ~~repealing as obsolete~~
8 altering a certain date of a certain reporting requirement; and generally relating to
9 a property tax exemption for certain economic development projects located in Prince
10 George's County.

11 BY repealing and reenacting, without amendments,
12 Article – Tax – Property
13 Section 7-516
14 Annotated Code of Maryland
15 (2012 Replacement Volume and 2016 Supplement)

16 BY repealing and reenacting, with amendments,
17 Chapter 402 of the Acts of the General Assembly of 2012
18 Section 2 and 3

19 ~~BY repealing and reenacting, with amendments,~~
20 ~~Chapter 402 of the Acts of the General Assembly of 2012~~

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.



~~Section 3~~

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; 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 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:

1 A. provides at least 100 full-time equivalent job
2 opportunities; and

3 B. has a private capital investment of equity and debt
4 combined of at least \$20,000,000;

5 3. a retail facility that:

6 A. provides at least 100 full-time equivalent job
7 opportunities; and

8 B. has a private capital investment of equity and debt
9 combined of at least \$10,000,000;

10 4. an off-street parking facility that:

11 A. contains at least 250 parking spaces; and

12 B. has a private capital investment of equity and debt
13 combined of at least \$2,500,000; or

14 5. a mixed-use facility that contains one or more of the
15 facilities described in items 1 through 4 of this item, at least one of which satisfies the
16 minimum criteria set forth in item 1, 2, 3, or 4 of this item.

17 (b) The governing body of Prince George's County, by resolution, may exempt or
18 partially exempt an economic development project from the county real property tax if:

19 (1) the owner or owners of the economic development project demonstrate
20 to the satisfaction of the County Executive and County Council of Prince George's County:

21 (i) that the county or its designated agency has conducted an
22 economic analysis of the project, including:

23 1. a detailed description of the project and the development
24 budget, including the identification of all sources of debt and equity financing;

25 2. a multiyear cash flow pro forma of the project detailing all
26 incoming and outgoing cash flow revenues, operating expenses, debt service, taxes, capital
27 expenditures, and any other cash outlays;

28 3. the projected return on investment for the owner or
29 owners;

30 4. a determination that the project is an economic
31 development project that meets the requirements of this section; and

1 1. the taxes on the property before the construction or
2 rehabilitation of the project; and

3 2. 25% of the county real property taxes related to the
4 economic development project that would have otherwise been due absent the agreement;

5 (ii) the term of the agreement, not to exceed 15 years from the date
6 a certificate of occupancy for the project is issued; and

7 (iii) that each year after the expiration of the agreement, full
8 property taxes shall be payable on the property;

9 (3) prior to or no later than 18 months from the date of entering into the
10 payment in lieu of taxes agreement, construction of the project has commenced and all
11 conditions for the financing required for the construction of the project have been satisfied
12 or waived; and

13 (4) the authorizing resolution states that the project may not involve
14 gambling activities.

15 (c) On or before January 1 of each year, the Prince George's County Executive or
16 the County Executive's designated agency shall submit a report to the Prince George's
17 County Council and to the Prince George's County House and Senate Delegations of the
18 General Assembly of Maryland that contains:

19 (1) a description of each project for which the county entered into a
20 payment in lieu of taxes agreement under this section during the prior fiscal year, including
21 a statement of:

22 (i) the basis on which each project met the requirements for the
23 definition of an economic development project set forth in subsection (a) of this section; and

24 (ii) the analysis of the project described in subsection (b)(1) of this
25 section; and

26 (2) for those projects that have a payment in lieu of taxes agreement and
27 for which construction or rehabilitation has been completed:

28 (i) the number and types of jobs created during the preceding fiscal
29 year and estimated to be created during the following fiscal year;

30 (ii) the total taxes that the project is estimated to have generated
31 directly and indirectly for the county during the preceding fiscal year and estimated to be
32 generated during the following fiscal year; and

33 (iii) any other economic benefits of the project.

Chapter 402 of the Acts of 2012

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2 ~~¶~~SECTION 2. AND BE IT FURTHER ENACTED, That, on or before December 31,
3 ~~2016~~ **2018**, the Prince George’s County Office of the County Executive shall report to the
4 Chairs of the Prince George’s County House and Senate Delegations, in accordance with §
5 2–1246 of the State Government Article, on the implementation of this Act.~~¶~~

6 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July
7 1, 2012. ~~¶~~It shall remain effective for a period of ~~5~~ **9** years and, at the end of June 30, ~~2017~~
8 **2021**, with no further action required by the General Assembly, this Act shall be abrogated
9 and of no further force and effect.~~¶~~

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
11 1, 2017.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.