

HOUSE BILL 345

C8, L4

0lr1324
CF SB 431

By: **Charles County Delegation**

Introduced and read first time: January 20, 2020

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 10, 2020

CHAPTER _____

1 AN ACT concerning

2 **Charles County – Tax Increment Financing and Special Taxing Districts**

3 FOR the purpose of authorizing Charles County to use the proceeds from the issuance of
4 certain tax increment financing bonds for certain purposes; authorizing Charles
5 County to establish a special taxing district, impose ad valorem or special taxes, and
6 issue bonds to provide financing, refinancing, or reimbursement for certain costs;
7 making certain financing, refinancing, and reimbursement contingent on the review
8 and approval of the Board of County Commissioners of Charles County; authorizing
9 Charles County, in exercising certain authority, to establish minority business
10 enterprise participation goals for certain development projects; and generally
11 relating to tax increment financing and special taxing districts in Charles County.

12 BY repealing and reenacting, without amendments,
13 Article – Economic Development
14 Section 12–203(a), 12–204(a), 12–207(a), and 12–209(a)
15 Annotated Code of Maryland
16 (2018 Replacement Volume and 2019 Supplement)

17 BY adding to
18 Article – Economic Development
19 Section 12–207(g)
20 Annotated Code of Maryland
21 (2018 Replacement Volume and 2019 Supplement)

22 BY repealing and reenacting, without amendments,

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.



1 Article – Local Government
2 Section 21–503(a) and 21–504(a)
3 Annotated Code of Maryland
4 (2013 Volume and 2019 Supplement)

5 BY repealing and reenacting, with amendments,
6 Article – Local Government
7 Section 21–521
8 Annotated Code of Maryland
9 (2013 Volume and 2019 Supplement)

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

12 **Article – Economic Development**

13 12–203.

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

15 (1) by resolution:

16 (i) designate a contiguous area within its jurisdiction as a
17 development district;

18 (ii) identify an area that has been designated a sustainable
19 community; or

20 (iii) identify an area that has been designated a RISE zone;

21 (2) receive from the Supervisor of Assessments a certification of the
22 amount of the original base, or if applicable, the adjusted assessable base; and

23 (3) pledge that until the bonds are fully paid, or a longer period, the real
24 property taxes in the development district, a RISE zone, or a sustainable community shall
25 be divided as follows:

26 (i) the portion of the taxes that would be produced at the current tax
27 rate on the original taxable value base shall be paid to the respective taxing authorities in
28 the same manner as taxes on other property are paid; and

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

33 12–204.

1 (a) Notwithstanding any limitation of law, an issuer may issue bonds from time
2 to time to finance the development of an industrial, commercial, or residential area.

3 12-207.

4 (a) Except as provided in subsections (b) and (e) of this section, bond proceeds
5 may be used only:

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

8 (i) in the development district, a RISE zone, or a sustainable
9 community; or

10 (ii) needed for a right-of-way or other easement to or from the
11 development district, a RISE zone, or a sustainable community;

12 (2) for site removal;

13 (3) for surveys and studies;

14 (4) to relocate businesses or residents;

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

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

18 (ii) parking; and

19 (iii) lighting;

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

21 (7) for reserves or capitalized interest;

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

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

25 **(G) IN ADDITION TO THE PURPOSES LISTED IN SUBSECTION (A) OF THIS**
26 **SECTION, THE PROCEEDS FROM BONDS ISSUED BY CHARLES COUNTY MAY BE USED:**

27 **(1) FOR CONVENTION CENTERS, CONFERENCE CENTERS, OR**
28 **VISITORS' CENTERS;**

1 **(2) TO MAINTAIN INFRASTRUCTURE IMPROVEMENTS, CONVENTION**
2 **CENTERS, CONFERENCE CENTERS, OR VISITORS' CENTERS; AND**

3 **(3) TO MARKET DEVELOPMENT DISTRICT FACILITIES AND OTHER**
4 **IMPROVEMENTS.**

5 12-209.

6 (a) Subject to subsection (c) of this section, the special fund for the development
7 district, the RISE zone, or the sustainable community may be used for any of the following
8 purposes as determined by the governing body of the political subdivision:

9 (1) a purpose specified in § 12-207 of this subtitle;

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

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

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

17 **Article – Local Government**

18 21-503.

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

20 (1) establish a special taxing district;

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

22 (3) issue bonds.

23 21-504.

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

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

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

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

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

6 21-521.

7 (a) Charles County may exercise the authority granted under this subtitle to
8 provide financing, refinancing, or reimbursement of costs for the purposes under §
9 21-504(a) of this subtitle relating to the development of resort hotels and conference centers
10 in a waterfront planned community.

11 (b) (1) In addition to imposing ad valorem or special taxes under this subtitle,
12 Charles County may impose a hotel rental tax in a special taxing district to provide
13 financing, refinancing, or reimbursement of costs for the purposes under § 21-504(a) of this
14 subtitle relating to the development of resort hotels and conference centers in a waterfront
15 planned community.

16 (2) The taxes provided under this subtitle for payment of bonds and
17 pledged to the special fund may include the hotel rental tax authorized under this
18 subsection.

19 (3) The hotel rental tax authorized under this subsection is in addition to
20 the hotel rental tax authorized under Title 20, Subtitle 4 of this article.

21 (4) The rate of the hotel rental tax authorized under this subsection may
22 not exceed the rate of the hotel rental tax imposed under Title 20, Subtitle 4 of this article
23 in effect on the day the governing body of Charles County establishes a special taxing
24 district under this subtitle.

25 (5) The proceeds from the hotel rental tax authorized under this subsection
26 may be used only for the purposes authorized under this subtitle.

27 (6) Charles County may not impose the hotel rental tax authorized under
28 this subsection outside a special taxing district established under this subtitle.

29 (C) **(1) CHARLES COUNTY MAY EXERCISE THE AUTHORITY GRANTED**
30 **UNDER THIS SUBTITLE TO PROVIDE FINANCING, REFINANCING, OR**
31 **REIMBURSEMENT FOR THE COST OF:**

32 ~~(1)~~ **(I) CONVENTION CENTERS, CONFERENCE CENTERS, AND**
33 **VISITORS' CENTERS;**

1 ~~(2)~~ (II) MAINTAINING INFRASTRUCTURE IMPROVEMENTS,
2 CONVENTION CENTERS, CONFERENCE CENTERS, AND VISITORS' CENTERS; AND

3 ~~(3)~~ (III) MARKETING SPECIAL TAXING DISTRICT FACILITIES AND
4 OTHER IMPROVEMENTS.

5 (2) ANY FINANCING, REFINANCING, OR REIMBURSEMENT PROVIDED
6 UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL BE CONTINGENT ON THE
7 REVIEW AND APPROVAL OF THE BOARD OF COUNTY COMMISSIONERS OF CHARLES
8 COUNTY.

9 (3) IN EXERCISING ITS AUTHORITY UNDER PARAGRAPH (1) OF THIS
10 SUBSECTION, CHARLES COUNTY MAY ESTABLISH MINORITY BUSINESS ENTERPRISE
11 PARTICIPATION GOALS FOR EACH DEVELOPMENT PROJECT WHOLLY OR PARTLY
12 FINANCED THROUGH BONDS ISSUED UNDER THIS SUBSECTION.

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
14 1, 2020.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.