

# SENATE BILL 431

C8, L4

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CF HB 345

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By: **Charles County Senators**

Introduced and read first time: January 27, 2020

Assigned to: Budget and Taxation

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## A BILL ENTITLED

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 and generally relating to tax increment financing and special taxing districts in  
8 Charles County.

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

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

19 BY repealing and reenacting, without amendments,  
20 Article – Local Government  
21 Section 21–503(a) and 21–504(a)  
22 Annotated Code of Maryland  
23 (2013 Volume and 2019 Supplement)

24 BY repealing and reenacting, with amendments,  
25 Article – Local Government  
26 Section 21–521  
27 Annotated Code of Maryland

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2013 Volume and 2019 Supplement)

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

4 **Article – Economic Development**

5 12–203.

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

7 (1) by resolution:

8 (i) designate a contiguous area within its jurisdiction as a  
9 development district;

10 (ii) identify an area that has been designated a sustainable  
11 community; or

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

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

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

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

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

25 12–204.

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

28 12–207.

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

- 1                   (1)    to buy, lease, condemn, or otherwise acquire property, or an interest in  
2 property:
- 3                    (i)    in the development district, a RISE zone, or a sustainable  
4 community; or
- 5                    (ii)   needed for a right-of-way or other easement to or from the  
6 development district, a RISE zone, or a sustainable community;
- 7                   (2)    for site removal;
- 8                   (3)    for surveys and studies;
- 9                   (4)    to relocate businesses or residents;
- 10                  (5)    to install utilities, construct parks and playgrounds, and for other  
11 needed improvements including:
  - 12                    (i)    roads to, from, or in the development district;
  - 13                    (ii)   parking; and
  - 14                    (iii)  lighting;
- 15                  (6)    to construct or rehabilitate buildings for a governmental purpose or use;
- 16                  (7)    for reserves or capitalized interest;
- 17                  (8)    for necessary costs to issue bonds; and
- 18                  (9)    to pay the principal of and interest on loans, advances, or indebtedness  
19 that a political subdivision incurs for a purpose specified in this section.

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

- 22                   **(1) FOR CONVENTION CENTERS, CONFERENCE CENTERS, OR**  
23 **VISITORS' CENTERS;**
- 24                   **(2) TO MAINTAIN INFRASTRUCTURE IMPROVEMENTS, CONVENTION**  
25 **CENTERS, CONFERENCE CENTERS, OR VISITORS' CENTERS; AND**
- 26                   **(3) TO MARKET DEVELOPMENT DISTRICT FACILITIES AND OTHER**  
27 **IMPROVEMENTS.**

1 (a) Subject to subsection (c) of this section, the special fund for the development  
 2 district, the RISE zone, or the sustainable community may be used for any of the following  
 3 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 obliged  
 8 under a general or limited obligation to pay, or has paid, on or relating to bonds issued by  
 9 the State, a political subdivision, or the revenue authority of Prince George’s County if the  
 10 proceeds were used for a purpose specified in § 12–207 of this subtitle; or

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

## 12 Article – Local Government

13 21–503.

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

15 (1) establish a special taxing district;

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

17 (3) issue bonds.

18 21–504.

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

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

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

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

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

1 21-521.

2 (a) Charles County may exercise the authority granted under this subtitle to  
3 provide financing, refinancing, or reimbursement of costs for the purposes under §  
4 21-504(a) of this subtitle relating to the development of resort hotels and conference centers  
5 in a waterfront planned community.

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

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

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

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

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

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

24 (c) **CHARLES COUNTY MAY EXERCISE THE AUTHORITY GRANTED UNDER**  
25 **THIS SUBTITLE TO PROVIDE FINANCING, REFINANCING, OR REIMBURSEMENT FOR**  
26 **THE COST OF:**

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

29 (2) **MAINTAINING INFRASTRUCTURE IMPROVEMENTS, CONVENTION**  
30 **CENTERS, CONFERENCE CENTERS, AND VISITORS' CENTERS; AND**

31 (3) **MARKETING SPECIAL TAXING DISTRICT FACILITIES AND OTHER**  
32 **IMPROVEMENTS.**

33 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July

1 1, 2020.