

Department of Legislative Services  
Maryland General Assembly  
2020 Session

FISCAL AND POLICY NOTE  
Third Reader

House Bill 434

(Prince George's County Delegation)

Ways and Means

Budget and Taxation

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Prince George's County - Payment in Lieu of Taxes Agreements - Multiphase  
Economic Development Projects and Sunset Repeal  
PG 408-20

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This bill repeals the June 30, 2021 termination date of the authorization for Prince George's County to exempt specified economic development projects located in designated focus areas from county real property taxes. In addition, the bill authorizes Prince George's County to enter into multiple payment in lieu of taxes (PILOT) agreements for different phases of an economic development project. **The bill takes effect July 1, 2020.**

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Prince George's County property tax revenues may continue to decrease beyond FY 2022 to the extent that certain economic development projects are exempt from real property taxes. The amount of any decrease depends on the number and type of development projects taking place in the county and the assessed value of each affected property. Property tax decreases will be mitigated by negotiated agreements between the county and developers.

**Small Business Effect:** Minimal.

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**Analysis**

**Current Law:** Chapter 402 of 2012 authorized Prince George's County, by resolution, to exempt specified economic development projects located in designated focus areas from county real property taxes.

The exemption may be granted if the owner or owners of the economic development project demonstrate to the satisfaction of the county executive and county council (1) that the county or its designated agency has conducted an economic analysis of the project; (2) the public benefit that the project will provide; (3) the financial necessity for an exemption; and (4) that the private capital being invested in the economic development project includes a certain equity investment. Additional requirements for the property tax exemption include (1) the owner or owners of the economic development project and the county must enter into a specified PILOT agreement; (2) prior to or no later than 18 months from the date of entering into the PILOT agreement, construction of the project must have commenced and all conditions for the financing required for the construction of the project have been satisfied or waived; and (3) the authorizing resolution states that the project may not be involved in gambling activities.

By January 1 of each year, the county executive or the county executive's designated agency must submit a report to the county council and legislative delegation to the General Assembly. The report must contain a description of each project for which the county entered into a PILOT agreement during the prior fiscal year, including a statement of the basis on which each project met the requirements for the definition of an economic development project and the analysis of the project. In addition, for those projects that have a PILOT agreement and for which construction or rehabilitation has been completed, the report must contain the number and types of jobs created during the preceding fiscal year and estimated to be created during the following fiscal year, 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 any other economic benefits of the project.

A designated focus area is defined as (1) 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; (2) a revitalization tax credit district, as defined in the Prince George's County code and designated by the county; or (3) an urban renewal area, as designated by the county governing body.

An economic development project is defined as a real estate development project that consists of newly constructed or rehabilitated commercial property if the real estate development project (1) has a certificate of occupancy issued on or after October 1, 2012; (2) is located on one or more parcels of land, all of which are situated in a designated focus area; and (3) includes at least one of the following:

- a hotel that provides at least 100 full-time equivalent job opportunities and has a private capital investment of equity and debt combined of at least \$20 million;
- an office building that provides at least 100 full-time equivalent job opportunities and has a private capital investment of equity and debt combined of at least \$20 million;
- a retail facility that provides at least 100 full-time equivalent job opportunities and has a private capital investment of equity and debt combined of at least \$10 million;
- an off-street parking facility that contains at least 250 parking spaces and has a private capital investment of equity and debt combined of at least \$2.5 million; or
- a mixed-use facility that contains one or more of the above facilities and at least one of which satisfies the minimum criteria.

**Background:** Prince George’s County has entered into six PILOT agreements for economic development projects since 2012. Two projects are completed, three projects are under construction, and one project is in the development stage.

*Completed Projects*

Safeway at UTC (Echo UTC) – This represents a \$23 million mixed-use project at University Town Center in Hyattsville near the Prince George’s Plaza Metro Station. The project encompasses 82,000 square feet of retail, office, and restaurant uses. The project is responsible for 99 full-time employees and 125 part-time employees at the seven tenants located at the project; the payroll for these employees totals \$5.45 million.

Carrollton Station – This represents a \$165 million mixed-use project next to the New Carrollton Metro Station. The project encompasses a 113,000 square foot office building for the Maryland Department of Housing and Community Development, 61,000 square feet of retail space, and 556 multifamily units. The office building is currently occupied with an estimated 450 full-time positions, and the multifamily units are completed and leased.

*Current Projects*

Urban Atlantic – This represents a \$1.1 billion mixed-use project located at the New Carrollton Metro Station and will be developed in four phases. At full build-out, the project will encompass 1,375 multifamily units, 1 million square feet of office space, 120,000 square feet of retail, and 250 hotel rooms.

One Town Center – This represents a \$265 million project next to the Branch Avenue Metro Station at Camp Springs. The project will encompass a 575,000-square-foot office

building for the U.S. Citizenship and Immigration Services headquarters. The building will house about 3,700 full-time jobs, including 500 telecommuting jobs.

Southern Gateway – This represents a \$151 million private investment to College Park. The project will encompass a 549,000-square-foot mixed-use development to include 393 market-rate multifamily units, 70,000 square feet of retail, and 641 structured parking spaces. The project will create a minimum of 100 full-time jobs.

*Future Project*

Carillon Project – This represents a \$974 million private investment to Largo. The project includes a 38.7-acre mixed-use development that will provide 1,493 market-rate multifamily units, 183 condo units, 300 hotel rooms, 719,000 square feet of office space, and 248,500 square feet of retail space to the Largo Metro station area. The project will create approximately 2,500 full-time jobs.

**Local Fiscal Effect:** Prince George’s County property tax revenues may continue to decrease beyond fiscal 2022 to the extent that economic development projects are exempt from real property taxes. The amount of any decrease depends on the number of focus areas designated in the county, the number and type of development projects taking place, and the assessed value of each affected property. For fiscal 2020, the county real property tax rate is \$1.374 per \$100 of assessed value. Property tax decreases will be mitigated by negotiated PILOT agreements between the county and developers.

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**Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

**Information Source(s):** Prince George’s County; Department of Legislative Services

**Fiscal Note History:** First Reader - February 10, 2020  
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