

HOUSE BILL 506

C8

6lr2891

CF 6lr1422

By: **Delegates Qi, Boyce, Fair, Lewis, Queen, Schindler, Solomon, Spiegel, Wolek, and Wu**

Introduced and read first time: January 27, 2026

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Economic Development – Transformational Project Financing Program –**
3 **Establishment**

4 FOR the purpose of establishing the Transformational Project Financing Program in the
5 Maryland Economic Development Corporation to designate certain development
6 districts as State-supported development districts; stating the purpose of the
7 Program; authorizing a governing body of a political subdivision to apply to the
8 Corporation for approval as a State-supported development district; providing for
9 the eligibility for and calculation of State revenue to be deposited into a certain fund
10 for certain purposes; providing for the authorized uses of certain bond proceeds in a
11 State-supported development district; requiring a governing body of a political
12 subdivision to pledge certain funds to be paid to a certain account for a
13 State-supported development district; and generally relating to the
14 Transformational Project Financing Program.

15 BY repealing and reenacting, with amendments,
16 Article – Economic Development
17 Section 12-203(a)
18 Annotated Code of Maryland
19 (2024 Replacement Volume and 2025 Supplement)

20 BY adding to
21 Article – Economic Development
22 Section 12-203(d); and 12-2A-01 through 12-2A-08 to be under the new subtitle
23 “Subtitle 2A. Transformational Project Financing Program”
24 Annotated Code of Maryland
25 (2024 Replacement Volume and 2025 Supplement)

26 BY repealing and reenacting, with amendments,
27 The Charter of Baltimore City

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Article II – General Powers
Section (62)(d)
(2007 Replacement Volume, as amended)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

5 That the Laws of Maryland read as follows:

Article – Economic Development

7 12-203.

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

(1) by resolution:

10 (i) designate a contiguous area within its jurisdiction as a
11 development district;

12 (ii) identify an area that has been designated a sustainable
13 community; or

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

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

27 (D) BEFORE ISSUING BONDS FOR A STATE-SUPPORTED DEVELOPMENT
28 DISTRICT APPROVED UNDER SUBTITLE 2A OF THIS TITLE, THE GOVERNING BODY
29 OF THE POLITICAL SUBDIVISION SHALL, BY RESOLUTION, PLEDGE THAT UNTIL THE
30 BONDS ARE FULLY PAID, OR A LONGER PERIOD, THE REAL PROPERTY TAXES IN THE
31 STATE-SUPPORTED DEVELOPMENT DISTRICT SHALL BE DIVIDED AS FOLLOWS:

SUBTITLE 2A. TRANSFORMATIONAL PROJECT FINANCING PROGRAM.

10 12-2A-01.

11 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
12 INDICATED.

13 (B) "CORPORATION" MEANS THE MARYLAND ECONOMIC DEVELOPMENT
14 CORPORATION.

15 (C) "DEVELOPMENT DISTRICT" HAS THE MEANING STATED IN § 12-201 OF
16 THIS TITLE OR ARTICLE II, § 62 OF THE CHARTER OF BALTIMORE CITY.

17 (D) "DISPLACEMENT ADJUSTMENT" MEANS THE ADJUSTMENT TO STATE
18 REVENUES UNDER § 12-2A-05 OF THIS SUBTITLE.

19 (E) "FUND" MEANS THE TRANSFORMATIONAL PROJECT FINANCING FUND.

20 (F) "PRIORITY AREA" INCLUDES:

27 (4) AN ARTS AND ENTERTAINMENT DISTRICT DESIGNATED UNDER
28 TITLE 4, SUBTITLE 7 OF THIS ARTICLE:

5 (G) "PROGRAM" MEANS THE TRANSFORMATIONAL PROJECT FINANCING
6 PROGRAM.

7 (H) (1) "STATE REVENUE" MEANS THE REVENUE FROM:

18 (2) "STATE REVENUE" DOES NOT INCLUDE STATE PROPERTY TAX
19 REVENUES.

20 **(I) "STATE-SUPPORTED DEVELOPMENT DISTRICT"** MEANS A
21 DEVELOPMENT DISTRICT THAT HAS A TRANSFORMATIONAL PLAN AND HAS BEEN
22 APPROVED UNDER THIS SUBTITLE.

23 (j) "TRANSFORMATIONAL PLAN" MEANS AN IMPROVEMENT PLAN FOR A
24 DEVELOPMENT DISTRICT THAT:

25 (1) IS OF A SCALE OR MIX OF USES THAT MAKES IT REASONABLY
26 LIKELY TO INCREASE THE POPULATION, EMPLOYMENT, OR COMMERCIAL ACTIVITY
27 IN THE AREA OF AND SURROUNDING THE DEVELOPMENT DISTRICT;

28 (2) REPRESENTS ANTICIPATED NEW ECONOMIC ACTIVITY WITH A NET
29 POSITIVE FISCAL IMPACT TO THE STATE AFTER A DISPLACEMENT ADJUSTMENT;

30 (3) IS NOT ECONOMICALLY VIABLE WITHOUT STATE PARTICIPATION;
31 AND

3 12-2A-02.

6 **(B) THE CORPORATION SHALL ADMINISTER THE PROGRAM AND EXERCISE**
7 **ALL POWERS GRANTED UNDER THIS SUBTITLE.**

8 (C) THE PURPOSE OF THE PROGRAM IS TO SUPPORT DEVELOPMENT
9 DISTRICTS ESTABLISHED UNDER SUBTITLE 2 OF THIS TITLE OR ARTICLE II, § 62 OF
10 THE CHARTER OF BALTIMORE CITY, FOR WHICH A GOVERNING BODY OF A
11 POLITICAL SUBDIVISION HAS APPROVED A TAX INCREMENT FINANCING PLAN AND
12 PLEDGED PROPERTY TAX REVENUES, BY PLEDGING NET-NEW STATE REVENUES
13 ATTRIBUTABLE TO THE DEVELOPMENT DISTRICT TO SUPPORT THE
14 IMPLEMENTATION OF A TRANSFORMATIONAL PLAN.

15 12-2A-03.

16 (A) A GOVERNING BODY OF A POLITICAL SUBDIVISION MAY APPLY TO THE
17 CORPORATION FOR A DEVELOPMENT DISTRICT TO BE APPROVED AS A
18 STATE-SUPPORTED DEVELOPMENT DISTRICT IF:

25 (3) THE GOVERNING BODY HAS MADE A PRELIMINARY
26 DETERMINATION THAT THE DEVELOPMENT DISTRICT HAS A TRANSFORMATIONAL
27 PLAN.

28 (B) (1) THE CORPORATION SHALL ESTABLISH:

1 (II) AN APPLICATION SUBMISSION, EVALUATION, AND 2 APPROVAL PROCESS.

5 (C) (1) THE CORPORATION SHALL DETERMINE WHETHER AN
6 IMPROVEMENT PLAN FOR A DEVELOPMENT DISTRICT IS A TRANSFORMATIONAL
7 PLAN USING OBJECTIVE CRITERIA AND NOTIFY THE APPLICANT OF AN APPROVAL
8 DECISION WITHIN 90 DAYS AFTER THE COMPLETED APPLICATION.

13 (D) IN ADMINISTERING APPROVALS, THE CORPORATION SHALL ENSURE
14 THAT STATE-SUPPORTED DEVELOPMENT DISTRICTS ARE APPROVED IN A MANNER
15 THAT PROVIDES MEANINGFUL PARTICIPATION BY POLITICAL SUBDIVISIONS OF
16 VARIED POPULATION SIZE AND GEOGRAPHIC LOCATION ACROSS THE STATE WHILE
17 ACCOUNTING FOR THE NUMBER AND QUALITY OF THE APPLICATIONS RECEIVED.

18 (E) THE CORPORATION SHALL PUBLISH, AT LEAST ANNUALLY, A SUMMARY
19 OF APPROVED STATE-SUPPORTED DEVELOPMENT DISTRICTS BY POLITICAL
20 SUBDIVISION, LOCATION WITHIN A POLITICAL SUBDIVISION, AND POPULATION SIZE.

21 (F) (1) FOR AN APPLICATION FOR A STATE-SUPPORTED DEVELOPMENT
22 DISTRICT THAT IS ABOVE AN AMOUNT ESTABLISHED BY THE CORPORATION, A
23 REPORT SHALL BE PREPARED BY AN INDEPENDENT THIRD-PARTY CONSULTANT
24 THAT IS ACCEPTABLE TO THE CORPORATION.

(II) APPLY THE DISPLACEMENT ADJUSTMENTS REQUIRED
UNDER § 12-2A-05 OF THIS SUBTITLE; AND

30 (III) DEMONSTRATE A POSITIVE NET FISCAL BENEFIT TO THE
31 STATE OVER THE PROPOSED CAPTURE PERIOD.

4 (G) A TRANSFER OF THE TRANSFORMATIONAL PLAN, ASSIGNMENT OF
5 RIGHTS, OR CHANGE OF CONTROL OF A DEVELOPER OR OTHER OBLIGATED PARTY
6 REQUIRES THE PRIOR WRITTEN CONSENT OF THE CORPORATION, EVIDENCE OF
7 EQUAL OR GREATER FINANCIAL CAPACITY OF THE TRANSFeree, AND AN
8 ASSUMPTION AGREEMENT ACCEPTABLE TO THE CORPORATION.

9 (H) THE CORPORATION MAY APPROVE LENDER STEP-IN RIGHTS AND
10 RELATED REMEDIES CONSISTENT WITH GUIDELINES ADOPTED BY THE
11 CORPORATION.

12 12-2A-04.

22 (II) WITHIN 14 DAYS AFTER CERTIFICATION, THE
23 COMPTROLLER SHALL TRANSFER THE CERTIFIED AMOUNT TO THE FUND FOR
24 DISBURSEMENT TO THE TRUSTEE OF THE PROJECT TRUST ACCOUNT FOR A
25 STATE-FUNDED DEVELOPMENT DISTRICT.

26 (III) THE CORPORATION SHALL NOTIFY THE COMPTROLLER OF
27 EACH APPROVED STATE-SUPPORTED DEVELOPMENT DISTRICT AND PROVIDE ANY
28 INFORMATION REASONABLY REQUIRED BY THE COMPTROLLER TO CERTIFY AND
29 TRANSFER REVENUE UNDER THIS PARAGRAPH

30 (IV) THE CORPORATION SHALL TRANSFER FUNDS FROM THE
31 FUND TO THE TRUSTEE-HELD PROJECT TRUST ACCOUNT FOR A STATE-SUPPORTED
32 DEVELOPMENT DISTRICT

1 **(B) STATE REVENUES DISBURSED UNDER THIS SECTION SHALL BE LIMITED**
2 **TO NET-NEW STATE REVENUES ATTRIBUTABLE TO THE STATE-SUPPORTED**
3 **DEVELOPMENT DISTRICT AND MAY NOT CONSTITUTE A PLEDGE OF FULL FAITH AND**
4 **CREDIT OF THE STATE.**

5 **(C) THE FUNDS IN A TRUSTEE-HELD PROJECT TRUST ACCOUNT FOR A**
6 **STATE-SUPPORTED DEVELOPMENT DISTRICT SHALL BE APPLIED IN THE**
7 **FOLLOWING ORDER OF PRIORITY:**

8 **(1) PAYMENT OF DEBT SERVICE ON BONDS OR NOTES ISSUED FOR THE**
9 **STATE-SUPPORTED DEVELOPMENT DISTRICT;**

10 **(2) RESERVE REPLENISHMENT; AND**

11 **(3) REIMBURSEMENT OF APPROVED COSTS AS PROVIDED IN THE**
12 **TRANSFORMATIONAL PLAN FOR THE STATE-SUPPORTED DEVELOPMENT DISTRICT.**

13 **12-2A-05.**

14 **(A) THE PURPOSE OF THE DISPLACEMENT ADJUSTMENTS UNDER THIS**
15 **SECTION IS TO ACCOUNT FOR THE LIKELIHOOD THAT A PORTION OF STATE**
16 **REVENUES ATTRIBUTABLE TO ENTITIES LOCATED IN A STATE-SUPPORTED**
17 **DEVELOPMENT DISTRICT WOULD HAVE BEEN GENERATED ELSEWHERE IN THE**
18 **STATE IN THE ABSENCE OF A TRANSFORMATIONAL PLAN.**

19 **(B) (1) TO DETERMINE NET-NEW STATE REVENUE FOR A**
20 **TRANSFORMATIONAL PLAN, MINIMUM DISPLACEMENT ADJUSTMENTS SHALL BE**
21 **APPLIED TO GROSS REVENUE ATTRIBUTABLE TO A STATE-SUPPORTED**
22 **DEVELOPMENT DISTRICT IN ACCORDANCE WITH THIS SUBSECTION.**

23 **(2) EXCEPT AS PROVIDED UNDER SUBSECTIONS (C) AND (D) OF THIS**
24 **SECTION, PROJECTED INCREASES IN STATE REVENUES ATTRIBUTABLE TO A**
25 **STATE-SUPPORTED DEVELOPMENT DISTRICT SHALL BE REDUCED BY THE**
26 **FOLLOWING MINIMUM DISPLACEMENT ADJUSTMENT:**

27 **(I) FOR RETAIL AND RESTAURANTS, 60%;**

28 **(II) FOR OFFICE SPACE, 25%;**

29 **(III) FOR INDUSTRIAL, LOGISTICS, MANUFACTURING, AND**
30 **OTHER PRODUCTION SPACES, 10%; AND**

31 **(IV) FOR TOURISM AND VISITOR-SERVING USES, 15%.**

1 (C) (1) AT LEAST EVERY 2 YEARS, THE COMPTROLLER SHALL EVALUATE
2 THE DISPLACEMENT ADJUSTMENT PERCENTAGES USED IN SUBSECTION (B) OF THIS
3 SECTION.

4 (2) BASED ON MARKET CONDITIONS, EMPIRICAL DATA, AND
5 SECTOR-SPECIFIC ANALYSIS, THE COMPTROLLER MAY USE DIFFERENT
6 PERCENTAGES THAN THOSE UNDER SUBSECTION (B) OF THIS SECTION TO
7 ACCURATELY REFLECT THE PORTION OF STATE REVENUES THAT REPRESENTS
8 NET-NEW ECONOMIC ACTIVITY.

9 (D) A DISPLACEMENT ADJUSTMENT MAY NOT BE APPLIED TO STATE
10 REVENUES ATTRIBUTABLE TO:

11 (1) AFFORDABLE HOUSING COMPONENTS OF A TRANSFORMATIONAL
12 PLAN; OR

13 (2) PORTIONS OF A STATE-SUPPORTED DEVELOPMENT DISTRICT
14 THAT ARE LOCATED IN A PRIORITY AREA.

15 (E) STATE REVENUE DISTRIBUTED FOR A STATE-SUPPORTED
16 DEVELOPMENT DISTRICT MAY NOT EXCEED THE NET-NEW STATE REVENUE
17 ATTRIBUTABLE TO THE DISTRICT AFTER APPLICATION OF THE DISPLACEMENT
18 ADJUSTMENTS UNDER THIS SECTION.

19 12-2A-06.

20 (A) IN ADDITION TO THE USES ALLOWED UNDER SUBTITLE 2 OF THIS TITLE
21 OR ARTICLE II, § 62 OF THE CHARTER OF BALTIMORE CITY, TO THE EXTENT THAT
22 THE CORPORATION DETERMINES THE COSTS ARE NECESSARY FOR THE ECONOMIC
23 VIABILITY OF THE TRANSFORMATIONAL PLAN, BOND PROCEEDS FOR A
24 STATE-SUPPORTED DEVELOPMENT DISTRICT MAY BE USED FOR CONSTRUCTION,
25 REHABILITATION, OR EXPANSION OF PRIVATELY OWNED BUILDINGS AND RELATED
26 BUILDING IMPROVEMENTS.

27 (B) REVENUES AND RESERVES FOR A STATE-SUPPORTED DEVELOPMENT
28 DISTRICT MAY NOT BE USED FOR:

29 (1) ANY OTHER STATE-SUPPORTED DEVELOPMENT DISTRICT OR
30 TRANSFORMATIONAL PLAN; OR

31 (2) CROSS-COLLATERALIZATION AMONG TRANSFORMATIONAL
32 PLANS.

1 12-2A-07.

2 (A) THERE IS A TRANSFORMATIONAL PROJECT FINANCING FUND.

3 (B) THE PURPOSE OF THE FUND IS TO RECEIVE CERTIFIED NET-NEW STATE
4 REVENUES ATTRIBUTABLE TO A STATE-SUPPORTED DEVELOPMENT DISTRICT.

5 (C) THE CORPORATION SHALL ADMINISTER THE FUND.

6 (D) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT
7 SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

8 (2) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY,
9 AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

10 (E) THE FUND CONSISTS OF:

11 (1) REVENUE DISTRIBUTED TO THE FUND UNDER THIS SUBTITLE;

12 (2) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND; AND

13 (3) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR
14 THE BENEFIT OF THE FUND.

15 (F) THE FUND MAY BE USED ONLY FOR DISBURSEMENTS TO A
16 TRUSTEE-HELD PROJECT TRUST ACCOUNT FOR A STATE-SUPPORTED
17 DEVELOPMENT DISTRICT TO BE USED IN ACCORDANCE WITH § 12-2A-04(C) OF THIS
18 SUBTITLE.

19 (G) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND
20 IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

21 (2) ANY INTEREST EARNINGS OF THE FUND SHALL BE CREDITED TO
22 THE GENERAL FUND OF THE STATE.

23 12-2A-08.

24 THE CORPORATION SHALL ADOPT REGULATIONS NECESSARY TO CARRY OUT
25 THIS SUBTITLE.

26 The Charter of Baltimore City

27 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 in
4 particular, without limitation upon the foregoing, shall have power by ordinance, or such
5 other method as may be provided for in its Charter, subject to the provisions of said
6 Constitution and Public General Laws:

7 (62)

8 (d) (1) Before issuing any bonds under this section, the Mayor and City
9 Council of Baltimore shall:

10 [(1)] (I) designate by ordinance an area or areas within the City of
11 Baltimore as a "development district";

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

15 [(3)] (III) provide that until bonds have been fully paid or thereafter, the
16 property taxes on real property within the development district shall be divided as follows:

17 [(i)] 1. the portion of the taxes which would be produced by the
18 rate at which taxes levied each year by the Mayor and City Council of Baltimore upon the
19 original taxable value shall be allocated to and when collected paid into the funds of the
20 Mayor and City Council of Baltimore in the same manner as taxes by the Mayor and City
21 Council of Baltimore on all other property are paid; and

22 [(ii)] 2. **EXCEPT AS PROVIDED UNDER PARAGRAPH (2) OF**
23 **THIS SUBSECTION**, that portion of the taxes representing the levy on the tax increment
24 that would normally be paid to the Mayor and City Council of Baltimore shall be paid into
25 a special fund to be applied in accordance with the provisions of subsection (e) of this
26 section. This yield shall not be considered as municipal taxes for the purposes of any
27 constant yield tax limitation or State or local restriction. No State real property taxes may
28 be paid into the special fund.

29 **(2) BEFORE ISSUING BONDS FOR A STATE-SUPPORTED**
30 **DEVELOPMENT DISTRICT APPROVED UNDER TITLE 12, SUBTITLE 2A OF THE**
31 **ECONOMIC DEVELOPMENT ARTICLE OF THE ANNOTATED CODE OF MARYLAND,**
32 **THE MAYOR AND CITY COUNCIL OF BALTIMORE SHALL, BY RESOLUTION, PLEDGE**
33 **THAT UNTIL THE BONDS ARE FULLY PAID, OR A LONGER PERIOD, THE REAL**
34 **PROPERTY TAXES IN THE STATE-SUPPORTED DEVELOPMENT DISTRICT SHALL BE**
35 **DIVIDED AS FOLLOWS:**

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
13 October 1, 2026.