

SENATE BILL 455

C8

6lr1422
CF HB 506

By: **Senator Rosapepe**

Introduced and read first time: February 2, 2026

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 6, 2026

CHAPTER _____

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

16 BY repealing and reenacting, with amendments,
17 Article – Economic Development
18 Section 12–203(a)
19 Annotated Code of Maryland
20 (2024 Replacement Volume and 2025 Supplement)

21 BY adding to
22 Article – Economic Development

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 Section 12–203(d); and 12–2A–01 through 12–2A–08 to be under the new subtitle
2 “Subtitle 2A. Transformational Project Financing Program”
3 Annotated Code of Maryland
4 (2024 Replacement Volume and 2025 Supplement)

5 BY repealing and reenacting, with amendments,
6 The Charter of Baltimore City
7 Article II – General Powers
8 Section (62)(d)
9 (2007 Replacement Volume, as amended)

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) **EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION,**
30 the portion of the taxes on the tax increment that normally would be paid into the general
31 fund of the political subdivision shall be paid into the special fund established under §
32 12–208 of this subtitle and applied in accordance with § 12–209 of this subtitle.

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

6 (1) THE PORTION OF THE TAXES THAT WOULD BE PRODUCED AT THE
7 CURRENT TAX RATE ON THE ORIGINAL TAXABLE VALUE BASE SHALL BE PAID TO THE
8 RESPECTIVE TAXING AUTHORITIES IN THE SAME MANNER AS TAXES ON OTHER
9 PROPERTY ARE PAID; AND

10 (2) THE PORTION OF THE TAXES ON THE TAX INCREMENT THAT
11 NORMALLY WOULD BE PAID INTO THE GENERAL FUND OF THE POLITICAL
12 SUBDIVISION SHALL BE PAID TO THE TRUSTEE OF THE PROJECT TRUST ACCOUNT
13 ESTABLISHED UNDER SUBTITLE 2A OF THIS TITLE.

14 **SUBTITLE 2A. TRANSFORMATIONAL PROJECT FINANCING PROGRAM.**

15 **12-2A-01.**

16 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
17 INDICATED.

18 (B) ~~“CORPORATION” MEANS THE MARYLAND ECONOMIC DEVELOPMENT~~
19 ~~CORPORATION~~ “DEPARTMENT” MEANS THE DEPARTMENT OF HOUSING AND
20 COMMUNITY DEVELOPMENT.

21 (C) “DEVELOPMENT DISTRICT” HAS THE MEANING STATED IN § 12-201 OF
22 THIS TITLE OR ARTICLE II, § 62 OF THE CHARTER OF BALTIMORE CITY.

23 (D) “DISPLACEMENT ADJUSTMENT” MEANS THE ADJUSTMENT TO STATE
24 REVENUES UNDER § 12-2A-05 OF THIS SUBTITLE.

25 (E) “FUND” MEANS THE TRANSFORMATIONAL PROJECT FINANCING FUND.

26 (F) “PRIORITY AREA” INCLUDES:

27 (1) A SUSTAINABLE COMMUNITY DESIGNATED UNDER TITLE 6 OF THE
28 HOUSING AND COMMUNITY DEVELOPMENT ARTICLE;

29 (2) A TRANSIT-ORIENTED DEVELOPMENT, AS DEFINED UNDER §
30 7-101 OF THE TRANSPORTATION ARTICLE;

1 **(3) AN ENTERPRISE ZONE DESIGNATED UNDER TITLE 5, SUBTITLE 7**
2 **OF THIS ARTICLE;**

3 **(4) AN ARTS AND ENTERTAINMENT DISTRICT DESIGNATED UNDER**
4 **TITLE 4, SUBTITLE 7 OF THIS ARTICLE;**

5 **(5) A MAIN STREET MARYLAND COMMUNITY DESIGNATED BY THE**
6 **DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT; AND**

7 **(6) A PRIORITY FUNDING AREA DESIGNATED UNDER TITLE 5,**
8 **SUBTITLE 7B OF THE STATE FINANCE AND PROCUREMENT ARTICLE.**

9 **(G) “PROGRAM” MEANS THE TRANSFORMATIONAL PROJECT FINANCING**
10 **PROGRAM.**

11 **(H) (1) “STATE REVENUE” MEANS THE REVENUE FROM:**

12 **(I) THE INCOME TAX IMPOSED BY THE STATE UNDER TITLE 10**
13 **OF THE TAX – GENERAL ARTICLE THAT IS ATTRIBUTABLE TO A STATE–SUPPORTED**
14 **DEVELOPMENT DISTRICT;**

15 **(II) THE SALES AND USE TAX IMPOSED BY THE STATE UNDER**
16 **TITLE 11 OF THE TAX – GENERAL ARTICLE THAT IS ATTRIBUTABLE TO THE**
17 **STATE–SUPPORTED DEVELOPMENT DISTRICT INCLUDING THE SALES AND USE**
18 **ATTRIBUTABLE DURING THE CONSTRUCTION PERIOD OF A STATE–SUPPORTED**
19 **DEVELOPMENT DISTRICT; AND**

20 **(III) OTHER STATE TAXES DESIGNATED BY THE COMPTROLLER**
21 **AS ATTRIBUTABLE TO A STATE–SUPPORTED DEVELOPMENT DISTRICT.**

22 **(2) “STATE REVENUE” DOES NOT INCLUDE STATE PROPERTY TAX**
23 **REVENUES.**

24 **(I) “STATE–SUPPORTED DEVELOPMENT DISTRICT” MEANS A**
25 **DEVELOPMENT DISTRICT THAT HAS A TRANSFORMATIONAL PLAN AND HAS BEEN**
26 **APPROVED UNDER THIS SUBTITLE.**

27 **(J) “TRANSFORMATIONAL PLAN” MEANS AN IMPROVEMENT PLAN FOR A**
28 **DEVELOPMENT DISTRICT THAT:**

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

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

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

5 (4) INCLUDES IMPROVEMENTS OR SITE WORK THAT WILL BENEFIT
6 THE COMMUNITY.

7 12-2A-02.

8 (A) THERE IS A TRANSFORMATIONAL PROJECT FINANCING PROGRAM IN
9 THE STATE.

10 (B) THE ~~CORPORATION~~ DEPARTMENT SHALL ADMINISTER THE PROGRAM
11 AND EXERCISE ALL POWERS GRANTED UNDER THIS SUBTITLE.

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

19 12-2A-03.

20 (A) A GOVERNING BODY OF A POLITICAL SUBDIVISION MAY APPLY TO THE
21 ~~CORPORATION~~ DEPARTMENT FOR A DEVELOPMENT DISTRICT TO BE APPROVED AS
22 A STATE-SUPPORTED DEVELOPMENT DISTRICT IF:

23 (1) A DEVELOPMENT DISTRICT HAS BEEN FORMED AND A TAX
24 INCREMENT FINANCING PLAN HAS BEEN APPROVED UNDER SUBTITLE 2 OF THIS
25 TITLE OR ARTICLE II, § 62 OF THE CHARTER OF BALTIMORE CITY BEFORE JULY 1,
26 ~~2031~~ 2035;

27 (2) THE GOVERNING BODY HAS PLEDGED LOCAL PROPERTY TAX
28 REVENUES TO SUPPORT THE DEVELOPMENT DISTRICT; AND

29 (3) THE GOVERNING BODY HAS MADE A PRELIMINARY
30 DETERMINATION THAT THE DEVELOPMENT DISTRICT HAS A TRANSFORMATIONAL
31 PLAN.

1 (B) (1) ~~THE CORPORATION~~ DEPARTMENT SHALL ESTABLISH:

2 (I) GUIDELINES FOR THE GOVERNING BODY OF A POLITICAL
3 SUBDIVISION TO ASSESS WHETHER AN IMPROVEMENT PLAN MAY BE A
4 TRANSFORMATIONAL PLAN; AND

5 (II) AN APPLICATION SUBMISSION, EVALUATION, AND
6 APPROVAL PROCESS.

7 (2) ~~THE CORPORATION~~ DEPARTMENT MAY CHARGE A REASONABLE
8 APPLICATION FEE.

9 (C) (1) ~~THE CORPORATION~~ DEPARTMENT SHALL DETERMINE WHETHER
10 AN IMPROVEMENT PLAN FOR A DEVELOPMENT DISTRICT IS A TRANSFORMATIONAL
11 PLAN USING OBJECTIVE CRITERIA AND NOTIFY THE APPLICANT OF AN APPROVAL
12 DECISION WITHIN 90 DAYS AFTER THE COMPLETED APPLICATION.

13 (2) IN MAKING APPROVAL DECISIONS, THE ~~CORPORATION~~
14 DEPARTMENT SHALL RETAIN DOCUMENTATION SUPPORTING THE DECISION.

15 (3) IF AN APPLICATION IS DENIED, THE APPLICANT MAY APPEAL THE
16 DECISION WITHIN 60 DAYS.

17 (D) ~~IN ONLY AFTER ACCOUNTING FOR THE NUMBER AND QUALITY OF THE~~
18 APPLICATIONS RECEIVED, IN ADMINISTERING APPROVALS, THE CORPORATION
19 DEPARTMENT SHALL ENSURE THAT STATE-SUPPORTED DEVELOPMENT DISTRICTS
20 ARE APPROVED IN A MANNER THAT PROVIDES MEANINGFUL PARTICIPATION BY
21 POLITICAL SUBDIVISIONS OF VARIED POPULATION SIZE AND GEOGRAPHIC
22 LOCATION ACROSS THE STATE ~~WHILE ACCOUNTING FOR THE NUMBER AND QUALITY~~
23 ~~OF THE APPLICATIONS RECEIVED.~~

24 (E) ~~THE CORPORATION~~ DEPARTMENT SHALL PUBLISH, AT LEAST
25 ANNUALLY, A SUMMARY OF APPROVED STATE-SUPPORTED DEVELOPMENT
26 DISTRICTS BY POLITICAL SUBDIVISION, LOCATION WITHIN A POLITICAL
27 SUBDIVISION, AND POPULATION SIZE.

28 (F) (1) FOR AN APPLICATION FOR A STATE-SUPPORTED DEVELOPMENT
29 DISTRICT THAT IS ABOVE AN AMOUNT ESTABLISHED BY THE ~~CORPORATION~~
30 DEPARTMENT, A REPORT SHALL BE PREPARED BY AN INDEPENDENT THIRD-PARTY
31 CONSULTANT THAT IS ACCEPTABLE TO THE ~~CORPORATION~~ DEPARTMENT.

32 (2) THE REPORT SHALL:

1 (I) QUANTIFY PROJECTED STATE REVENUES ATTRIBUTABLE
2 TO THE TRANSFORMATIONAL PLAN;

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

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

7 (3) THE ~~CORPORATION~~ DEPARTMENT MAY NOT APPROVE A
8 STATE-SUPPORTED DEVELOPMENT DISTRICT UNLESS THE REPORT
9 DEMONSTRATES A POSITIVE NET FISCAL BENEFIT TO THE STATE.

10 (G) A TRANSFER OF THE TRANSFORMATIONAL PLAN, ASSIGNMENT OF
11 RIGHTS, OR CHANGE OF CONTROL OF A DEVELOPER OR OTHER OBLIGATED PARTY
12 REQUIRES THE PRIOR WRITTEN CONSENT OF THE ~~CORPORATION~~ DEPARTMENT,
13 EVIDENCE OF EQUAL OR GREATER FINANCIAL CAPACITY OF THE TRANSFEREE, AND
14 AN ASSUMPTION AGREEMENT ACCEPTABLE TO THE ~~CORPORATION~~ DEPARTMENT.

15 (H) THE ~~CORPORATION~~ DEPARTMENT MAY APPROVE LENDER STEP-IN
16 RIGHTS AND RELATED REMEDIES CONSISTENT WITH GUIDELINES ADOPTED BY THE
17 ~~CORPORATION~~ DEPARTMENT.

18 12-2A-04.

19 (A) (1) A STATE-SUPPORTED DEVELOPMENT DISTRICT IS ELIGIBLE FOR
20 AN ANNUAL DISBURSEMENT OF NET-NEW STATE REVENUE ATTRIBUTABLE TO THE
21 STATE-SUPPORTED DEVELOPMENT DISTRICT TO BE DEPOSITED IN THE FUND FOR
22 THE LIFE OF THE BONDS, NOT TO EXCEED 30 YEARS AFTER THE STATE-SUPPORTED
23 DEVELOPMENT DISTRICT IS COMPLETED.

24 (2) (I) FOR EACH FISCAL YEAR, THE COMPTROLLER SHALL
25 CERTIFY THE AMOUNT OF NET-NEW STATE REVENUE ATTRIBUTABLE TO EACH
26 STATE-SUPPORTED DEVELOPMENT DISTRICT IN ACCORDANCE WITH THIS
27 SUBTITLE.

28 (II) WITHIN 14 DAYS AFTER CERTIFICATION, THE
29 COMPTROLLER SHALL:

30 1. DISTRIBUTE THE PORTION OF THE CERTIFIED
31 AMOUNT NECESSARY TO ADMINISTER THIS SUBTITLE TO AN ADMINISTRATIVE COST
32 ACCOUNT; AND

1 **2. TRANSFER THE REMAINDER OF THE CERTIFIED**
2 **AMOUNT TO THE FUND FOR DISBURSEMENT TO THE TRUSTEE OF THE PROJECT**
3 **TRUST ACCOUNT FOR A STATE-FUNDED DEVELOPMENT DISTRICT.**

4 **(III) THE ~~CORPORATION~~ DEPARTMENT SHALL NOTIFY THE**
5 **COMPTROLLER OF EACH APPROVED STATE-SUPPORTED DEVELOPMENT DISTRICT**
6 **AND PROVIDE ANY INFORMATION REASONABLY REQUIRED BY THE COMPTROLLER**
7 **TO CERTIFY AND TRANSFER REVENUE UNDER THIS PARAGRAPH.**

8 **(IV) THE ~~CORPORATION~~ DEPARTMENT SHALL TRANSFER**
9 **FUNDS FROM THE FUND TO THE TRUSTEE-HELD PROJECT TRUST ACCOUNT FOR A**
10 **STATE-SUPPORTED DEVELOPMENT DISTRICT.**

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

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

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

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

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

23 **12-2A-05.**

24 **(A) THE PURPOSE OF THE DISPLACEMENT ADJUSTMENTS UNDER THIS**
25 **SECTION IS TO ACCOUNT FOR THE LIKELIHOOD THAT A PORTION OF STATE**
26 **REVENUES ATTRIBUTABLE TO ENTITIES LOCATED IN A STATE-SUPPORTED**
27 **DEVELOPMENT DISTRICT WOULD HAVE BEEN GENERATED ELSEWHERE IN THE**
28 **STATE IN THE ABSENCE OF A TRANSFORMATIONAL PLAN.**

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

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

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

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

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

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

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

13 **(2) BASED ON MARKET CONDITIONS, EMPIRICAL DATA, AND**
14 **SECTOR-SPECIFIC ANALYSIS, THE COMPTROLLER MAY USE DIFFERENT**
15 **PERCENTAGES THAN THOSE UNDER SUBSECTION (B) OF THIS SECTION TO**
16 **ACCURATELY REFLECT THE PORTION OF STATE REVENUES THAT REPRESENTS**
17 **NET-NEW ECONOMIC ACTIVITY.**

18 **(D) A DISPLACEMENT ADJUSTMENT MAY NOT BE APPLIED TO STATE**
19 **REVENUES ATTRIBUTABLE TO:**

20 **(1) AFFORDABLE HOUSING COMPONENTS OF A TRANSFORMATIONAL**
21 **PLAN; OR**

22 **(2) PORTIONS OF A STATE-SUPPORTED DEVELOPMENT DISTRICT**
23 **THAT ARE LOCATED IN A PRIORITY AREA.**

24 **(E) STATE REVENUE DISTRIBUTED FOR A STATE-SUPPORTED**
25 **DEVELOPMENT DISTRICT MAY NOT EXCEED THE NET-NEW STATE REVENUE**
26 **ATTRIBUTABLE TO THE DISTRICT AFTER APPLICATION OF THE DISPLACEMENT**
27 **ADJUSTMENTS UNDER THIS SECTION.**

28 **12-2A-06.**

29 **(A) IN ADDITION TO THE USES ALLOWED UNDER SUBTITLE 2 OF THIS TITLE**
30 **OR ARTICLE II, § 62 OF THE CHARTER OF BALTIMORE CITY, TO THE EXTENT THAT**

1 ~~THE CORPORATION~~ DEPARTMENT DETERMINES THE COSTS ARE NECESSARY FOR
 2 THE ECONOMIC VIABILITY OF THE TRANSFORMATIONAL PLAN, BOND PROCEEDS
 3 FOR A STATE-SUPPORTED DEVELOPMENT DISTRICT MAY BE USED FOR
 4 CONSTRUCTION, REHABILITATION, OR EXPANSION OF PRIVATELY OWNED
 5 BUILDINGS AND RELATED BUILDING IMPROVEMENTS.

6 (B) (1) REVENUES EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS
 7 SUBSECTION, REVENUES AND RESERVES FOR A STATE-SUPPORTED DEVELOPMENT
 8 DISTRICT MAY NOT BE USED FOR:

9 ~~(1)~~ (I) ANY OTHER STATE-SUPPORTED DEVELOPMENT DISTRICT
 10 OR TRANSFORMATIONAL PLAN; OR

11 ~~(2)~~ (II) CROSS-COLLATERALIZATION AMONG TRANSFORMATIONAL
 12 PLANS.

13 (2) THE RESTRICTIONS UNDER PARAGRAPH (1) OF THIS SUBSECTION
 14 DO NOT APPLY TO A DEVELOPMENT DISTRICT THAT IS CONTIGUOUS TO A
 15 STATE-SUPPORTED DEVELOPMENT DISTRICT.

16 12-2A-07.

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

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

20 (C) ~~THE CORPORATION~~ DEPARTMENT SHALL ADMINISTER THE FUND.

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

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

25 (E) THE FUND CONSISTS OF:

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

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

28 (3) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR
 29 THE BENEFIT OF THE FUND.

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

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

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

9 12-2A-08.

10 (A) ~~THE~~ EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, THE
 11 ~~CORPORATION DEPARTMENT~~ SHALL ADOPT REGULATIONS NECESSARY TO CARRY
 12 OUT THIS SUBTITLE.

13 (B) THE COMPTROLLER SHALL ADOPT REGULATIONS FOR:

14 (1) THE METHODOLOGY USED TO DERIVE THE DISPLACEMENT
 15 ADJUSTMENT PERCENTAGES UNDER THIS SUBTITLE; AND

16 (2) THE DISPLACEMENT ADJUSTMENT PERCENTAGES, INCLUDING
 17 REVISED PERCENTAGES, THAT WILL BE APPLIED UNDER THIS SUBTITLE.

18 **The Charter of Baltimore City**

19 Article II – General Powers

20 The Mayor and City Council of Baltimore shall have full power and authority to
 21 exercise all of the powers heretofore or hereafter granted to it by the Constitution of
 22 Maryland or by any Public General or Public Local Laws of the State of Maryland; and in
 23 particular, without limitation upon the foregoing, shall have power by ordinance, or such
 24 other method as may be provided for in its Charter, subject to the provisions of said
 25 Constitution and Public General Laws:

26 (62)

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

29 [(1)] (I) designate by ordinance an area or areas within the City of
 30 Baltimore as a “development district”;

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

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

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

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

18 **(2) BEFORE ISSUING BONDS FOR A STATE-SUPPORTED**
 19 **DEVELOPMENT DISTRICT APPROVED UNDER TITLE 12, SUBTITLE 2A OF THE**
 20 **ECONOMIC DEVELOPMENT ARTICLE OF THE ANNOTATED CODE OF MARYLAND,**
 21 **THE MAYOR AND CITY COUNCIL OF BALTIMORE SHALL, BY RESOLUTION, PLEDGE**
 22 **THAT UNTIL THE BONDS ARE FULLY PAID, OR A LONGER PERIOD, THE REAL**
 23 **PROPERTY TAXES IN THE STATE-SUPPORTED DEVELOPMENT DISTRICT SHALL BE**
 24 **DIVIDED AS FOLLOWS:**

25 **(I) THE PORTION OF THE TAXES THAT WOULD BE PRODUCED BY**
 26 **THE RATE AT WHICH TAXES LEVIED EACH YEAR BY THE MAYOR AND CITY COUNCIL**
 27 **OF BALTIMORE UPON THE ORIGINAL TAXABLE VALUE SHALL BE ALLOCATED TO AND**
 28 **WHEN COLLECTED PAID INTO THE FUNDS OF THE MAYOR AND CITY COUNCIL OF**
 29 **BALTIMORE IN THE SAME MANNER AS TAXES BY THE MAYOR AND CITY COUNCIL OF**
 30 **BALTIMORE ON ALL OTHER PROPERTY ARE PAID; AND**

31 **(II) THAT PORTION OF TAXES REPRESENTING THE LEVY ON THE**
 32 **TAX INCREMENT THAT WOULD NORMALLY BE PAID TO THE MAYOR AND CITY**
 33 **COUNCIL OF BALTIMORE SHALL BE PAID TO THE TRUSTEE OF THE PROJECT TRUST**
 34 **ACCOUNT ESTABLISHED UNDER TITLE 12, SUBTITLE 2A OF THE ECONOMIC**
 35 **DEVELOPMENT ARTICLE OF THE ANNOTATED CODE OF MARYLAND.**

36 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
 37 ~~October 1, 2026~~ July 1, 2027.