

HOUSE BILL 1467

C8

2lr0151

By: **Delegate McIntosh**

Rules suspended

Introduced and read first time: March 12, 2012

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Sustainable Communities – Financing and Designation**

3 FOR the purpose of authorizing certain counties and municipal corporations to finance
4 the costs of public improvements located in a sustainable community and owned
5 by the Maryland Economic Development Corporation, the State, or certain other
6 governmental units; authorizing certain counties and municipal corporations to
7 designate sustainable communities as special taxing districts, create special
8 funds and provide for the levy of certain taxes, and to pledge tax increment
9 revenue pertaining to sustainable communities to secure payment of obligations
10 issued by the Corporation for infrastructure improvements located in a
11 sustainable community; authorizing certain counties and municipal
12 corporations to pledge under an agreement that amounts deposited in any
13 special fund be paid to secure bonds issued by the Corporation for certain
14 purposes; authorizing certain counties and municipal corporations, through the
15 levy of certain tax revenues, to fund the costs of infrastructure improvements
16 located in sustainable communities; authorizing certain counties and municipal
17 corporations to use certain alternative local tax revenues for tax increment
18 financing in connection with sustainable communities; providing that bonds can
19 be used for certain purposes in sustainable communities; establishing the Smart
20 Growth Reinvestment Fund as a special, nonlapsing fund; specifying the
21 purpose of the Fund; requiring the Department of Planning to administer the
22 Fund; requiring the State Treasurer to hold the Fund and the Comptroller to
23 account for the Fund; specifying the contents of the Fund; specifying the
24 purpose for which the Fund may be used; providing for the investment of money
25 in and expenditures from the Fund; requiring the Department to adopt certain
26 regulations; authorizing the Department to set certain loan terms under certain
27 circumstances; specifying how a certain loan may be secured; authorizing the
28 Department to take title to a certain property, convey title, and obtain and seek
29 enforcement of a certain judgment without approval or execution by the Board
30 of Public Works; reextending the date sponsors of existing community legacy

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 areas and designated neighborhoods have to file for redesignation as a
2 sustainable community; extending the date through which existing community
3 legacy areas and designated neighborhoods will be considered sustainable
4 communities; providing for the construction of this Act; making the provisions of
5 this Act severable; requiring a certain report; providing for the effective dates of
6 this Act; defining certain terms; and generally relating to the use of special, ad
7 valorem, tax increment, and alternative local tax revenues by certain counties
8 and municipal corporations and sustainable communities.

9 BY repealing and reenacting, with amendments,
10 Article 23A – Corporations – Municipal
11 Section 44A(a), (b), (e)(1), and (f)
12 Annotated Code of Maryland
13 (2011 Replacement Volume)

14 BY repealing and reenacting, with amendments,
15 Article 24 – Political Subdivisions – Miscellaneous Provisions
16 Section 9–1301(a), (c)(1) and (2), (f)(1), and (g)
17 Annotated Code of Maryland
18 (2011 Replacement Volume)

19 BY repealing and reenacting, without amendments,
20 Article 24 – Political Subdivisions – Miscellaneous Provisions
21 Section 9–1301(b)
22 Annotated Code of Maryland
23 (2011 Replacement Volume)

24 BY repealing and reenacting, with amendments,
25 Article – Economic Development
26 Section 12–201, 12–203, and 12–207 through 12–211
27 Annotated Code of Maryland
28 (2008 Volume and 2011 Supplement)

29 BY repealing and reenacting, without amendments,
30 Article – Housing and Community Development
31 Section 6–201(l) and 6–205(a)
32 Annotated Code of Maryland
33 (2006 Volume and 2011 Supplement)

34 BY adding to
35 Article – State Finance and Procurement
36 Section 5–312
37 Annotated Code of Maryland
38 (2009 Replacement Volume and 2011 Supplement)

39 BY repealing and reenacting, with amendments,
40 Chapter 487 of the Acts of the General Assembly of 2010

1 Section 2, 4, and 5

2 BY repealing and reenacting, without amendments,
3 Chapter 487 of the Acts of the General Assembly of 2010
4 Section 3

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

7 **Article 23A – Corporations – Municipal**

8 44A.

9 (a) (1) In this section the following words have the meanings indicated.

10 (2) “Bond” means a revenue bond, note, or other similar instrument
11 issued by a municipal corporation in accordance with this section.

12 (3) “Cost” includes the cost of:

13 (i) Construction, reconstruction, and renovation, and
14 acquisition of all lands, structures, property, real or personal, rights, rights-of-way,
15 franchises, easements, and interests acquired or to be acquired by the Maryland
16 Economic Development Corporation, the State, any unit or department or political
17 subdivision of the State, or any other governmental unit having jurisdiction over the
18 infrastructure improvement;

19 (ii) All machinery and equipment including machinery and
20 equipment needed to expand or enhance municipal services to the special taxing
21 district;

22 (iii) Financing charges and interest prior to and during
23 construction, and, if deemed advisable by the municipal corporation, for a limited
24 period after completion of the construction, interest and reserves for principal and
25 interest, including costs of municipal bond insurance and any other type of financial
26 guaranty and costs of issuance;

27 (iv) Extensions, enlargements, additions, and improvements;

28 (v) Architectural, engineering, financial, and legal services;

29 (vi) Plans, specifications, studies, surveys, and estimates of cost
30 and of revenues;

31 (vii) Administrative expenses necessary or incident to
32 determining to proceed with the infrastructure improvements; and

1 (viii) Other expenses as may be necessary or incident to the
2 construction, acquisition, and financing of the infrastructure improvements.

3 (4) **IN A SUSTAINABLE COMMUNITY, “INFRASTRUCTURE**
4 **IMPROVEMENTS” INCLUDES THE FOLLOWING:**

5 (I) **HISTORIC PRESERVATION OR REHABILITATION;**

6 (II) **ENVIRONMENTAL REMEDIATION, DEMOLITION, AND**
7 **SITE PREPARATION;**

8 (III) **PARKING LOTS, FACILITIES, OR STRUCTURES OF ANY**
9 **TYPE WHETHER FOR PUBLIC OR PRIVATE USE;**

10 (IV) **HIGHWAYS, AS DEFINED IN § 8-101 OF THE**
11 **TRANSPORTATION ARTICLE, OR TRANSIT SERVICE, AS DEFINED IN § 7-101 OF**
12 **THE TRANSPORTATION ARTICLE, THAT SUPPORT SUSTAINABLE COMMUNITIES;**
13 **AND**

14 (V) **AFFORDABLE OR MIXED INCOME HOUSING.**

15 (5) “MEDCO obligation” means any bond, note, or other similar
16 instrument that the Maryland Economic Development Corporation issues under
17 authority other than this section to finance the purposes specified in subsection (b)(2)
18 or (d)(3) of this section only with respect to infrastructure improvements located in or
19 supporting a transit-oriented development or a State hospital redevelopment.

20 [(5)] (6) “State hospital redevelopment” means any combination of
21 private or public commercial, residential, or recreational uses, improvements, and
22 facilities that:

23 (i) Is part of a comprehensive coordinated development plan or
24 strategy involving:

25 1. Property that was occupied formerly by a State
26 facility, as defined in § 10-101 of the Health – General Article, or a State residential
27 center, as defined in § 7-101 of the Health – General Article; or

28 2. Property that is adjacent or reasonably proximate to
29 property that was occupied formerly by a State facility, as defined in § 10-101 of the
30 Health – General Article, or a State residential center, as defined in § 7-101 of the
31 Health – General Article;

32 (ii) In accordance with design development principles,
33 maximizes use of the property by those constituencies it is intended to serve; and

1 (iii) Is designated as a State hospital redevelopment by:

2 1. The Smart Growth Subcabinet established under §
3 9–1406 of the State Government Article; and

4 2. The local government or multicounty agency with
5 land use and planning responsibility for the relevant area.

6 **(7) “SUSTAINABLE COMMUNITY” HAS THE MEANING STATED IN §**
7 **6–201 OF THE HOUSING AND COMMUNITY DEVELOPMENT ARTICLE.**

8 **[(6)] (8)** “Transit–oriented development” has the meaning stated in §
9 7–101 of the Transportation Article.

10 (b) (1) Subject to the provisions of this section, and for the purpose stated
11 in paragraph (2) of this subsection, each municipal corporation in the State may:

12 (i) Create a special taxing district;

13 (ii) Levy ad valorem or special taxes; and

14 (iii) Issue bonds and other obligations.

15 (2) (i) The purpose of the authority granted under paragraph (1) of
16 this subsection is to provide financing, refinancing, or reimbursement for the cost of
17 the design, construction, establishment, extension, alteration, or acquisition of
18 adequate storm drainage systems, sewers, water systems, roads, bridges, culverts,
19 tunnels, streets, sidewalks, lighting, parking, parks and recreation facilities, libraries,
20 schools, and other infrastructure improvements as necessary, whether situated within
21 the special taxing district or the municipal corporation or outside of the municipal
22 corporation if notification is given to the governmental unit having jurisdiction over
23 the infrastructure improvement and if the infrastructure improvement is reasonably
24 related to other infrastructure improvements within the special taxing district, for the
25 development and utilization of the land, each with respect to any defined geographic
26 region within the municipal corporation.

27 (ii) The authority granted under paragraph (1)(i) and (ii) of this
28 subsection also makes available a source of funding for payment of costs of:

29 1. Infrastructure improvements located in or supporting
30 a transit–oriented development, **A SUSTAINABLE COMMUNITY**, or a State hospital
31 redevelopment; and

1 2. Operation and maintenance of infrastructure
2 improvements located in or supporting a transit-oriented development, A
3 **SUSTAINABLE COMMUNITY**, or a State hospital redevelopment.

4 (e) (1) (i) The governing body of the municipal corporation may:

5 1. Designate by resolution an area or areas as a special
6 taxing district;

7 2. Subject to paragraph (2) of this subsection, adopt a
8 resolution creating a special fund with respect to the special taxing district; and

9 3. Provide for the levy of an ad valorem or special tax on
10 all real and personal property within the special taxing district at a rate or amount
11 designed to provide adequate revenues to pay the principal of, interest on, and
12 redemption premium, if any, on the bonds, to replenish any debt service reserve fund,
13 and for any other purpose related to the ongoing expenses of or security for the bonds,
14 and, as the governing body of the municipal corporation determines, to:

15 A. Pay costs of infrastructure improvements located in or
16 supporting a transit-oriented development, A **SUSTAINABLE COMMUNITY**, or a State
17 hospital redevelopment;

18 B. Pay costs of operation and maintenance of
19 infrastructure improvements located in or supporting a transit-oriented development,
20 **A SUSTAINABLE COMMUNITY**, or a State hospital redevelopment; or

21 C. Secure payment by the municipal corporation of its
22 obligations under an agreement described in subsection (f)(3) of this section.

23 (ii) Ad valorem taxes shall be levied in the same manner, upon
24 the same assessments, for the same period or periods, and as of the same date or dates
25 of finality as are now or may hereafter be prescribed for general ad valorem tax
26 purposes within the district.

27 (iii) Special taxes shall be levied pursuant to subsection (n) of
28 this section.

29 (f) (1) Except as provided in paragraph (2) of this subsection, when no
30 bonds authorized by this section and no MEDCO obligations described in paragraph
31 (3) of this subsection are outstanding with respect to a special taxing district, and the
32 governing body of the municipal corporation determines not to use moneys in the
33 special fund for the payment of costs of infrastructure improvements located in or
34 supporting a transit-oriented development, A **SUSTAINABLE COMMUNITY**, or a State
35 hospital redevelopment, or the payment of costs of operation and maintenance of

1 infrastructure improvements located in or supporting a transit-oriented development,
2 **A SUSTAINABLE COMMUNITY**, or a State hospital redevelopment:

3 (i) The special taxing district shall be terminated; and

4 (ii) Any moneys remaining in the special fund on the date of
5 termination of the special taxing district may be paid to the general fund of the
6 municipal corporation.

7 (2) When no bonds authorized by this section are outstanding with
8 respect to a special taxing district, and the governing body of the municipal
9 corporation so determines, moneys in the special fund may be:

10 (i) Used for any purposes described in this section;

11 (ii) Accumulated for payment of debt service on bonds
12 subsequently issued under this section;

13 (iii) Used to pay or reimburse the municipal corporation for debt
14 service that the municipal corporation is obligated to pay or has paid, either as a
15 general or a limited obligation, on MEDCO obligations, or any bond, note, or other
16 similar instrument issued by the State, or any unit, department, or political
17 subdivision of the State, the proceeds of which have been used for any of the purposes
18 specified in this section; or

19 (iv) Paid to the municipal corporation to provide funds to be
20 used for any legal purposes as the governing body of the municipal corporation may
21 determine.

22 (3) (i) A municipal corporation that has created a special fund for a
23 special taxing district may pledge under an agreement that amounts deposited to the
24 special fund shall, as the governing body of the municipal corporation may determine,
25 be paid over to:

26 1. Secure payment on MEDCO obligations;

27 2. Provide for the payment of costs of infrastructure
28 improvements located in or supporting a transit-oriented development, **A**
29 **SUSTAINABLE COMMUNITY**, or a State hospital redevelopment; and

30 3. Provide for the payment of costs of operation and
31 maintenance of infrastructure improvements located in or supporting a
32 transit-oriented development, **A SUSTAINABLE COMMUNITY**, or a State hospital
33 redevelopment.

34 (ii) The agreement shall:

1 (vi) Plans, specifications, studies, surveys, and estimates of cost
2 and of revenues;

3 (vii) Administrative expenses necessary or incident to
4 determining to proceed with the infrastructure improvements; and

5 (viii) Other expenses as may be necessary or incident to the
6 construction, acquisition, and financing of the infrastructure improvements.

7 (4) In Prince George's County, "cost" includes the cost of renovation,
8 rehabilitation, and repair of existing buildings, internal and external structural
9 systems, elevators, facades, mechanical systems and components, and security
10 systems.

11 **(5) IN A SUSTAINABLE COMMUNITY, "INFRASTRUCTURE**
12 **IMPROVEMENTS" INCLUDES THE FOLLOWING:**

13 **(I) HISTORIC PRESERVATION OR REHABILITATION;**

14 **(II) ENVIRONMENTAL REMEDIATION, DEMOLITION, AND**
15 **SITE PREPARATION;**

16 **(III) PARKING LOTS, FACILITIES, OR STRUCTURES OF ANY**
17 **TYPE WHETHER FOR PUBLIC OR PRIVATE USE;**

18 **(IV) HIGHWAYS, AS DEFINED IN § 8-101 OF THE**
19 **TRANSPORTATION ARTICLE, OR TRANSIT SERVICE, AS DEFINED IN § 7-101 OF**
20 **THE TRANSPORTATION ARTICLE, THAT SUPPORT SUSTAINABLE COMMUNITIES;**
21 **AND**

22 **(V) AFFORDABLE OR MIXED INCOME HOUSING.**

23 **[(5)] (6)** "MEDCO obligation" means any bond, note, or other similar
24 instrument that the Maryland Economic Development Corporation issues under
25 authority other than this section to finance the purposes specified in subsection (c)(2)
26 or (e)(3) of this section only with respect to infrastructure improvements located in or
27 supporting a transit-oriented development or a State hospital redevelopment.

28 **[(6)] (7)** "State hospital redevelopment" means any combination of
29 private or public commercial, residential, or recreational uses, improvements, and
30 facilities that:

31 (i) Is part of a comprehensive coordinated development plan or
32 strategy involving:

1 1. Property that was occupied formerly by a State
2 facility, as defined in § 10–101 of the Health – General Article, or a State residential
3 center, as defined in § 7–101 of the Health – General Article; or

4 2. Property that is adjacent or reasonably proximate to
5 property that was occupied formerly by a State facility, as defined in § 10–101 of the
6 Health – General Article, or a State residential center, as defined in § 7–101 of the
7 Health – General Article;

8 (ii) In accordance with design development principles,
9 maximizes use of the property by those constituencies it is intended to serve; and

10 (iii) Is designated as a State hospital redevelopment by:

11 1. The Smart Growth Subcabinet established under §
12 9–1406 of the State Government Article; and

13 2. The local government or multicounty agency with
14 land use and planning responsibility for the relevant area.

15 **(8) “SUSTAINABLE COMMUNITY” HAS THE MEANING STATED IN §**
16 **6–201 OF THE HOUSING AND COMMUNITY DEVELOPMENT ARTICLE.**

17 **[(7)] (9)** “Transit–oriented development” has the meaning stated in §
18 7–101 of the Transportation Article.

19 (b) This section applies only to Anne Arundel County, Baltimore County,
20 Calvert County, Cecil County, Charles County, Garrett County, Harford County,
21 Howard County, Prince George’s County, St. Mary’s County, Washington County, and
22 Wicomico County.

23 (c) (1) Subject to the provisions of this section, and for the purpose stated
24 in paragraph (2) of this subsection, the county may:

25 (i) Create a special taxing district;

26 (ii) Levy ad valorem or special taxes; and

27 (iii) Issue bonds and other obligations.

28 (2) (i) The purpose of the authority granted under paragraph (1) of
29 this subsection is to provide financing, refinancing, or reimbursement for the cost of
30 the design, construction, establishment, extension, alteration, or acquisition of
31 adequate storm drainage systems, sewers, water systems, roads, bridges, culverts,
32 tunnels, streets, sidewalks, lighting, parking, parks and recreation facilities, libraries,
33 schools, transit facilities, solid waste facilities, and other infrastructure improvements
34 as necessary, whether situated within the special taxing district or outside the special

1 taxing district if the infrastructure improvement is reasonably related to other
2 infrastructure improvements within the special taxing district, for the development
3 and utilization of the land, each with respect to any defined geographic region within
4 the county.

5 (ii) The authority granted under paragraph (1)(i) and (ii) of this
6 subsection also makes available a source of funding for payment of costs of:

7 1. Infrastructure improvements located in or supporting
8 a transit-oriented development, **A SUSTAINABLE COMMUNITY**, or a State hospital
9 redevelopment; and

10 2. Operation and maintenance of infrastructure
11 improvements located in or supporting a transit-oriented development, **A**
12 **SUSTAINABLE COMMUNITY**, or a State hospital redevelopment.

13 (f) (1) (i) The governing body of the county may:

14 1. Designate by resolution an area or areas as a special
15 taxing district;

16 2. Subject to paragraph (2) of this subsection, adopt a
17 resolution creating a special fund with respect to the special taxing district; and

18 3. Provide for the levy of an ad valorem or special tax on
19 all real and personal property within the special taxing district at a rate or amount
20 designed to provide adequate revenues to pay the principal of, interest on, and
21 redemption premium, if any, on the bonds, to replenish any debt service reserve fund,
22 and for any other purpose related to the ongoing expenses of or security for the bonds,
23 and, as the governing body of the county determines, to:

24 A. Pay costs of infrastructure improvements located in or
25 supporting a transit-oriented development, **A SUSTAINABLE COMMUNITY**, or a State
26 hospital redevelopment;

27 B. Pay costs of operation and maintenance of
28 infrastructure improvements located in or supporting a transit-oriented development,
29 **A SUSTAINABLE COMMUNITY**, or a State hospital redevelopment; or

30 C. Secure payment by the county of its obligations under
31 an agreement described in subsection (g)(3) of this section.

32 (ii) Ad valorem taxes shall be levied in the same manner, upon
33 the same assessments, for the same period or periods, and as of the same date or dates
34 of finality as are now or may hereafter be prescribed for general ad valorem tax
35 purposes within the district.

1 (iii) Special taxes shall be levied pursuant to subsection (o) of
2 this section.

3 (g) (1) Except as provided in paragraph (2) of this subsection, when no
4 bonds authorized by this section and no MEDCO obligations described in paragraph
5 (3) of this subsection are outstanding with respect to a special taxing district and the
6 governing body of the county determines not to use moneys in the special fund for
7 payment of costs of infrastructure improvements located in or supporting a
8 transit-oriented development, **A SUSTAINABLE COMMUNITY**, or a State hospital
9 redevelopment, or the payment of costs of operation and maintenance of infrastructure
10 improvements located in or supporting a transit-oriented development, **A**
11 **SUSTAINABLE COMMUNITY**, or a State hospital redevelopment:

12 (i) The special taxing district shall be terminated; and

13 (ii) Any moneys remaining in the special fund on the date of
14 termination of the special taxing district shall be paid to the general fund of the
15 county.

16 (2) When no bonds authorized by this section are outstanding with
17 respect to a special taxing district and the governing body of the county so determines,
18 moneys in the special fund may be:

19 (i) Used for any of the purposes described in this section;

20 (ii) Accumulated for payment of debt service on bonds
21 subsequently issued under this section;

22 (iii) Used to pay or reimburse the county for debt service that the
23 county is obligated to pay or has paid, either as a general or limited obligation on
24 MEDCO obligations or any bond, note, or other similar instrument issued by the
25 State, by any unit, department, or political subdivision of the State, or by the Revenue
26 Authority of Prince George's County, the proceeds of which have been used for any of
27 the purposes specified in this section; or

28 (iv) Paid to the county to provide funds to be used for any legal
29 purpose as the governing body of the county may determine.

30 (3) (i) A county that has created a special fund for a special taxing
31 district may pledge, under an agreement, that amounts deposited to the special fund
32 shall, as the governing body of the county may determine, be paid over to:

33 1. Secure payment on MEDCO obligations;

1 2. Provide for the payment of costs of infrastructure
2 improvements located in or supporting a transit-oriented development, A
3 **SUSTAINABLE COMMUNITY**, or a State hospital redevelopment; and

4 3. Provide for the payment of costs of operation and
5 maintenance of infrastructure improvements located in or supporting a
6 transit-oriented development, A **SUSTAINABLE COMMUNITY**, or a State hospital
7 redevelopment.

8 (ii) The agreement shall:

9 1. Be authorized by ordinance or resolution of the
10 county;

11 2. Be in writing;

12 3. Be executed on behalf of the county making the
13 pledge, the Maryland Economic Development Corporation, and the other persons or
14 entities that the governing body of the county determines; and

15 4. Run to the benefit of and be enforceable on behalf of
16 the holders of any MEDCO obligations secured by the agreement.

17 **Article – Economic Development**

18 12–201.

19 (a) In this subtitle the following words have the meanings indicated.

20 (b) “Adjusted assessable base” means the fair market value of real property
21 that qualifies for a farm or agricultural use under § 8–209 of the Tax – Property
22 Article, without regard to the agricultural use assessment for the property as of
23 January 1 of the year preceding the effective date of the resolution creating the
24 development district under § 12–203 of this subtitle.

25 (c) “Assessable base” means the total assessable base, as determined by the
26 Supervisor of Assessments, of all real property subject to taxation in a development
27 district.

28 (d) (1) “Assessment ratio” means a real property tax assessment ratio,
29 however designated or calculated, that is used under applicable general law to
30 determine the assessable base.

31 (2) “Assessment ratio” includes the assessment percentage specified
32 under § 8–103(c) of the Tax – Property Article.

1 (e) “Bond” means a revenue bond, note, or other similar instrument issued in
2 accordance with this subtitle by:

3 (1) a political subdivision; or

4 (2) the revenue authority of Prince George’s County.

5 (f) “Chief executive” means the president, chair, mayor, or other chief
6 executive officer of a political subdivision or the revenue authority of Prince George’s
7 County.

8 (g) “Development” includes new development, redevelopment, revitalization,
9 and renovation.

10 (h) “Development district” means a contiguous area designated by a
11 resolution.

12 (i) “Issuer” means a political subdivision or the revenue authority of Prince
13 George’s County that issues a bond under this subtitle.

14 (j) “MEDCO obligation” means a bond, note, or other similar instrument
15 that the Maryland Economic Development Corporation issues under authority other
16 than this subtitle to finance the cost of infrastructure improvements located in or
17 supporting a transit-oriented development, **A SUSTAINABLE COMMUNITY**, or a State
18 hospital redevelopment.

19 (k) “Original assessable base” means the assessable base as of January 1 of
20 the year preceding the effective date of the resolution creating the development
21 district under § 12–203 of this subtitle.

22 (l) “Original full cash value” means the dollar amount that is determined by
23 dividing the original assessable base by the assessment ratio used to determine the
24 original assessable base.

25 (m) “Original taxable value” means for any tax year the dollar amount that is:

26 (1) the adjusted assessable base, if an adjusted assessable base
27 applies; or

28 (2) in all other cases, the lesser of:

29 (i) the product of multiplying the original full cash value by the
30 assessment ratio applicable to that tax year; and

31 (ii) the original assessable base.

32 (n) “Political subdivision” means a county or a municipal corporation.

1 (o) “State hospital redevelopment” means any combination of private or
2 public commercial, residential, or recreational uses, improvements, and facilities that:

3 (1) is part of a comprehensive coordinated development plan or
4 strategy involving:

5 (i) property that was occupied formerly by a State facility, as
6 defined in § 10–101 of the Health – General Article, or a State residential center, as
7 defined in § 7–101 of the Health – General Article; or

8 (ii) property that is adjacent or reasonably proximate to
9 property that was occupied formerly by a State facility, as defined in § 10–101 of the
10 Health – General Article, or a State residential center, as defined in § 7–101 of the
11 Health – General Article;

12 (2) in accordance with design development principles, maximizes use
13 of the property by those constituencies it is intended to serve; and

14 (3) is designated as a State hospital redevelopment by:

15 (i) the Smart Growth Subcabinet established under § 9–1406 of
16 the State Government Article; and

17 (ii) the local government or multicounty agency with land use
18 and planning responsibility for the relevant area.

19 (p) **“SUSTAINABLE COMMUNITY” HAS THE MEANING STATED IN §**
20 **6–201 OF THE HOUSING AND COMMUNITY DEVELOPMENT ARTICLE.**

21 (q) “Tax increment” means for any tax year the amount by which the
22 assessable base as of January 1 of the preceding tax year exceeds the original taxable
23 value divided by the assessment ratio used to determine the original taxable value.

24 [(q)] (R) “Tax year” means the period from July 1 of a calendar year
25 through June 30 of the next calendar year.

26 [(r)] (S) “Transit-oriented development” has the meaning stated in §
27 7–101 of the Transportation Article.

28 12–203.

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

30 (1) [designate] by resolution:

1 **(I) DESIGNATE** a contiguous area within its jurisdiction as a
2 development district; **OR**

3 **(II) IDENTIFY AN AREA THAT HAS BEEN DESIGNATED A**
4 **SUSTAINABLE COMMUNITY IN ACCORDANCE WITH § 6–201 OF THE HOUSING**
5 **AND COMMUNITY DEVELOPMENT ARTICLE;**

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

9 (3) pledge that until the bonds are fully paid, or a longer period, the
10 real property taxes in the development district shall be divided as follows:

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

14 (ii) the portion of the taxes on the tax increment that normally
15 would be paid into the general fund of the political subdivision shall be paid into the
16 special fund established under § 12–208 of this subtitle and applied in accordance with
17 § 12–209 of this subtitle.

18 (b) The establishment **OR IDENTIFICATION** by a county of a development
19 district **OR A SUSTAINABLE COMMUNITY** that is wholly or partly in a municipal
20 corporation shall also require a resolution approving the development district by the
21 governing body of the municipal corporation.

22 12–207.

23 (a) **[Bond] EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION,**
24 **BOND** proceeds may be used only:

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

27 (i) in the development district **OR SUSTAINABLE COMMUNITY;**
28 or

29 (ii) needed for a right-of-way or other easement to or from the
30 development district;

31 (2) for site removal;

32 (3) for surveys and studies;

- 1 (4) to relocate businesses or residents;
- 2 (5) to install utilities, construct parks and playgrounds, and for other
3 needed improvements including:
- 4 (i) roads to, from, or in the development district;
- 5 (ii) parking; and
- 6 (iii) lighting;
- 7 (6) to construct or rehabilitate buildings for a governmental purpose
8 or use;
- 9 (7) for reserves or capitalized interest;
- 10 (8) for necessary costs to issue bonds; and
- 11 (9) to pay the principal of and interest on loans, advances, or
12 indebtedness that a political subdivision incurs for a purpose specified in this section.

13 **(B) (1) THIS SUBSECTION APPLIES TO A SUSTAINABLE COMMUNITY**
14 **IDENTIFIED UNDER §12-203 OF THIS SUBTITLE.**

15 **(2) IN ADDITION TO THE USES FOR BOND PROCEEDS IN**
16 **SUBSECTION (A) OF THIS SECTION, BOND PROCEEDS MAY BE USED IN A**
17 **SUSTAINABLE COMMUNITY FOR:**

18 **(I) HISTORIC PRESERVATION OR REHABILITATION;**

19 **(II) ENVIRONMENTAL REMEDIATION, DEMOLITION, AND**
20 **SITE PREPARATION;**

21 **(III) PARKING LOTS, FACILITIES, OR STRUCTURES OF ANY**
22 **TYPE WHETHER FOR PUBLIC OR PRIVATE USE;**

23 **(IV) HIGHWAYS, AS DEFINED IN § 8-101 OF THE**
24 **TRANSPORTATION ARTICLE, OR TRANSIT SERVICE, AS DEFINED IN § 7-101 OF**
25 **THE TRANSPORTATION ARTICLE, THAT SUPPORT SUSTAINABLE COMMUNITIES;**

26 **(V) SCHOOLS; AND**

27 **(VI) AFFORDABLE OR MIXED INCOME HOUSING.**

1 (iii) blighted areas; and

2 (iv) the Developed Tier, growth corridors, and growth centers, as
3 defined in the county General Plan.

4 **[(c)] (D)** (1) In addition to the purposes listed in subsection (a) of this
5 section, the proceeds from bonds that a municipal corporation issues may be used for
6 the purpose of encouraging redevelopment in those areas listed in paragraph (2) of this
7 subsection, to install infrastructure improvements, including:

8 (i) streets;

9 (ii) parking structures of any type whether for public or private
10 use;

11 (iii) utilities;

12 (iv) street lights;

13 (v) stormwater management and storm drain facilities;

14 (vi) fencing;

15 (vii) noise walls;

16 (viii) retaining walls;

17 (ix) trails;

18 (x) sidewalks;

19 (xi) pedestrian and vehicular bridges; and

20 (xii) park facilities.

21 (2) The purpose of the authority granted by paragraph (1) of this
22 subsection is to encourage redevelopment in:

23 (i) revitalization areas designated by a county or municipal
24 corporation;

25 (ii) mixed use centers;

26 (iii) blighted areas; and

1 (iv) developed areas and growth areas, as defined in a county or
2 municipal corporation land use plan.

3 12–208.

4 (a) The governing body of a political subdivision may adopt a resolution
5 creating a special fund for a development district **OR A SUSTAINABLE COMMUNITY**
6 even though no bonds:

7 (1) have been issued for the development district **OR A SUSTAINABLE**
8 **COMMUNITY**; or

9 (2) are outstanding at the time of adoption.

10 (b) The taxes allocated to the special fund in accordance with §
11 12–203(a)(3)(ii) of this subtitle shall be deposited in the special fund while the
12 resolution that created the special fund remains in effect.

13 (c) Other than tax revenues received from residential properties in Prince
14 George’s County, the tax collected under § 12–203(a)(3)(ii) of this subtitle is not
15 considered a tax of the political subdivision for the purposes of any constant yield
16 limitation or State or local restriction.

17 (d) State real property taxes may not be paid into the special fund.

18 12–209.

19 (a) Subject to subsection (c) of this section, the special fund for the
20 development district **OR A SUSTAINABLE COMMUNITY** may be used for any of the
21 following purposes as determined by the governing body of the political subdivision:

22 (1) a purpose specified in § 12–207 of this subtitle;

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

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

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

31 (b) (1) Subject to paragraph (2) of this subsection, the political subdivision
32 that has created a special fund for a development district **OR A SUSTAINABLE**

1 **COMMUNITY** may pledge under an agreement that amounts deposited to the special
2 fund shall be paid over to secure payment on MEDCO obligations.

3 (2) The agreement shall:

4 (i) be in writing;

5 (ii) be executed by the political subdivision making the pledge,
6 the Maryland Economic Development Corporation, and the other persons that the
7 governing body of the political subdivision determines; and

8 (iii) run to the benefit of and be enforceable on behalf of the
9 holders of the MEDCO obligations secured by the agreement.

10 (c) If bonds are outstanding with respect to a development district **OR A**
11 **SUSTAINABLE COMMUNITY**, the special fund may be used as described in subsection
12 (a) of this section in any fiscal year only if:

13 (1) the balance of the special fund exceeds the unpaid debt service
14 payable on the bonds in the fiscal year; and

15 (2) the special fund is not restricted so as to prohibit the use.

16 (d) The issuance of bonds pledging the full faith and credit of the political
17 subdivision shall comply with appropriate county or municipal charter requirements.

18 12–210.

19 (a) (1) Subject to paragraph (2) of this subsection, the governing body of a
20 political subdivision that is not the issuer may pledge under an agreement that its
21 property taxes levied on the tax increment shall be paid into the special fund for the
22 development district.

23 (2) The agreement shall:

24 (i) be in writing;

25 (ii) be executed by the governing bodies of the issuer and the
26 political subdivision making the pledge; and

27 (iii) run to the benefit of and be enforceable on behalf of any
28 bondholder.

29 (b) The governing body of Prince George's County may also pledge hotel
30 rental tax revenues to the special fund.

1 (c) The governing body of a political subdivision, including the issuer, may
2 pledge by or under a resolution, including by an agreement with the issuer, as
3 applicable, that alternative local tax revenues generated within, or that are otherwise
4 determined to be attributable to, a development district that is a transit-oriented
5 development, **A SUSTAINABLE COMMUNITY**, or a State hospital redevelopment be
6 paid, as provided in the resolution, into the special fund to:

7 (1) secure the payment of debt service on bonds or MEDCO
8 obligations; or

9 (2) be applied to the other purposes stated in § 12–209 of this subtitle.
10 12–211.

11 (a) The principal amount of bonds, interest payable on bonds, the transfer of
12 bonds, and income from bonds, including profit made in the sale or transfer of bonds,
13 are exempt from State and local taxes.

14 (b) If a political subdivision leases as a lessor its property within a
15 development district **OR A SUSTAINABLE COMMUNITY**:

16 (1) the property shall be assessed and taxed in the same manner as
17 privately owned property; and

18 (2) the lease shall require the lessee to pay taxes or payments in lieu
19 of taxes on the assessed value of the entire property and not only on the assessed
20 value of the leasehold interest.

21 **Article – Housing and Community Development**

22 6–201.

23 (l) “Sustainable community” means the part of a priority funding area that:

24 (1) as determined by the Smart Growth Subcabinet, satisfies the
25 requirements of § 6–205 of this subtitle;

26 (2) has been designated as a BRAC Revitalization and Incentive Zone
27 under Title 5, Subtitle 13 of the Economic Development Article; or

28 (3) has been designated a transit-oriented development under § 7–101
29 of the Transportation Article.

30 6–205.

31 (a) The Smart Growth Subcabinet, on the recommendation of the Secretary,
32 may designate an area as a sustainable community if the sponsor demonstrates that

1 past and current trends in homeownership, property values, commercial and
 2 residential vacancy, and business or housing investment show a need for reinvestment
 3 in the area and if:

4 (1) entities in the community, such as local governments, employers,
 5 educational institutions, civic organizations, community organizations, or cultural
 6 organizations, support the proposed sustainable community plan and have pledged
 7 resources to develop or implement it;

8 (2) the proposed sustainable community plan addresses the need for
 9 reinvestment in the area and will enhance the area, and give individuals of different
 10 incomes a range of housing options, employment opportunities, and other amenities;

11 (3) a community in the proposed area is culturally or historically
 12 significant;

13 (4) the proposed area is near a town center or a transportation center;

14 (5) the proposed sustainable community plan is consistent with and
 15 complements other existing or proposed projects for housing, commercial or
 16 community development, education, historic preservation, neighborhood revitalization,
 17 transportation, or other things significant to the comprehensive enhancement of the
 18 community; or

19 (6) there is a demonstrated need for financing assistance for small
 20 businesses, nonprofit organizations, or microenterprises.

21 **Article – State Finance and Procurement**

22 **5–312.**

23 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE
 24 MEANINGS INDICATED.

25 (2) “ELIGIBLE PROJECT” MEANS THOSE ACTIVITIES DESCRIBED
 26 IN:

27 (I) ARTICLE 23A, § 44A(B) OF THE CODE;

28 (II) ARTICLE 24, § 9–1301(C)(2) OF THE CODE; OR

29 (III) § 12–207(A) AND (B) OF THE ECONOMIC DEVELOPMENT
 30 ARTICLE.

31 (3) “FUND” MEANS THE SMART GROWTH REINVESTMENT FUND.

1 (4) “SUSTAINABLE COMMUNITY” HAS THE MEANING STATED IN §
2 6–201 OF THE HOUSING AND COMMUNITY DEVELOPMENT ARTICLE.

3 (B) THERE IS A SMART GROWTH REINVESTMENT FUND.

4 (C) THE FUND SHALL BE USED TO PROVIDE FINANCIAL ASSISTANCE TO
5 AN ELIGIBLE PROJECT IN A SUSTAINABLE COMMUNITY WHEN A LOCAL
6 GOVERNMENT HAS ISSUED BONDS OR CREATED A SPECIAL TAXING DISTRICT OR
7 TAX INCREMENT FINANCING TO SPECIFICALLY BENEFIT THE SUSTAINABLE
8 COMMUNITY UNDER:

9 (1) ARTICLE 23A, § 44A OF THE CODE;

10 (2) ARTICLE 24, § 9–1301 OF THE CODE; OR

11 (3) TITLE 12, SUBTITLE 2 OF THE ECONOMIC DEVELOPMENT
12 ARTICLE.

13 (D) THE DEPARTMENT SHALL ADMINISTER THE FUND.

14 (E) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT
15 SUBJECT TO § 7–302 OF THIS ARTICLE.

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

18 (F) THE FUND CONSISTS OF:

19 (1) MONEY APPROPRIATED IN THE STATE BUDGET FOR THE
20 PURPOSES OF THE FUND;

21 (2) PROCEEDS OF A SALE OF BONDS, NOTES, OR OTHER
22 OBLIGATIONS OF THE STATE;

23 (3) INVESTMENT EARNINGS OF THE FUND; AND

24 (4) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR
25 THE BENEFIT OF THE FUND.

26 (G) THE FUND MAY BE USED ONLY:

1 **(1) TO PAY ADMINISTRATIVE COSTS DIRECTLY RELATED TO THE**
2 **FUND; AND**

3 **(2) TO MAKE GRANTS AND LOANS FOR ELIGIBLE PROJECTS IN**
4 **SUSTAINABLE COMMUNITIES.**

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

7 **(2) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE**
8 **CREDITED TO THE FUND.**

9 **(I) (1) THE DEPARTMENT SHALL ADOPT REGULATIONS TO CARRY**
10 **OUT THE PURPOSES OF THE FUND.**

11 **(2) THE REGULATIONS SHALL INCLUDE:**

12 **(I) APPLICATION PROCEDURES;**

13 **(II) PROCEDURES TO GIVE ADEQUATE NOTICE TO THE**
14 **PUBLIC OF ASSISTANCE AVAILABLE UNDER THE FUND; AND**

15 **(III) SELECTION CRITERIA THE DEPARTMENT MUST**
16 **CONSIDER IN EVALUATING LOAN APPLICATIONS, INCLUDING:**

17 **1. ANY PROPOSED CONTRIBUTION BY THE**
18 **APPROPRIATE POLITICAL SUBDIVISION TO THE PROJECT;**

19 **2. THE GEOGRAPHIC DISTRIBUTION OF LOAN**
20 **ASSISTANCE FROM THE LOAN FUND; AND**

21 **3. OTHER RELEVANT FACTORS.**

22 **(J) (1) WITH THE APPROVAL OF THE SECRETARY, FOR EACH LOAN**
23 **THE DEPARTMENT MAY SET:**

24 **(I) THE PRINCIPAL AMOUNT;**

25 **(II) THE MATURITY;**

26 **(III) THE REPAYMENT TERMS; AND**

1 (IV) AN INTEREST RATE THAT COMPLIES WITH APPLICABLE
2 FEDERAL REGULATIONS GOVERNING STATE BORROWING.

3 (2) THE DEPARTMENT MAY GRANT A LOAN FROM THE FUND AT
4 AN INTEREST RATE LOWER THAN RATES ON OTHER LOANS FROM THE FUND IF
5 THE LOAN RECIPIENT IS A NONPROFIT ORGANIZATION OR A POLITICAL
6 SUBDIVISION.

7 (3) A LOAN FROM THE FUND MAY BE SECURED BY:

8 (I) A MORTGAGE LIEN, WHICH MAY BE SUBORDINATE TO
9 OTHER MORTGAGE LIENS;

10 (II) A GUARANTEE OF REPAYMENT; OR

11 (III) ANOTHER FORM OF COLLATERAL ACCEPTABLE TO THE
12 DEPARTMENT.

13 (4) WITHOUT APPROVAL OR EXECUTION BY THE BOARD OF
14 PUBLIC WORKS, THE DEPARTMENT MAY:

15 (I) TAKE TITLE TO A MORTGAGED PROPERTY BY
16 FORECLOSURE OR BY DEED IN LIEU OF FORECLOSURE;

17 (II) CONVEY TITLE TO A BUYER; AND

18 (III) OBTAIN AND SEEK ENFORCEMENT OF A DEFICIENCY
19 JUDGMENT.

20 (5) AN INDIVIDUAL OR BUSINESS ENTITY MAY RECEIVE A LOAN
21 ONLY IF THE RECIPIENT CAN DOCUMENT THAT PRIVATE FINANCING IS
22 UNAVAILABLE.

23 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
24 read as follows:

25 **Chapter 487 of the Acts of 2010**

26 SECTION 2. AND BE IT FURTHER ENACTED, That any community legacy
27 area approved by the Community Legacy Board prior to [January 1, 2008] **JUNE 1,**
28 **2010** shall be considered a sustainable community [for 24 months after the effective
29 date of this Act, and any community legacy area approved by the Community Legacy
30 Board on or after January 1, 2008, shall be considered a sustainable community for 36
31 months after the effective date of this Act] **UNTIL JUNE 1, 2013.**

1 SECTION 3. AND BE IT FURTHER ENACTED, That within the time periods
2 specified in Section 2 of this Act, a sponsor shall submit an updated application and
3 plan to redesignate any previously approved community legacy area to a sustainable
4 community in accordance with §§ 6–204 and 6–205 of the Housing and Community
5 Development Article for projects to be eligible for financial assistance under § 6–206 of
6 the Housing and Community Development Article, as enacted by Section 1 of this Act.

7 SECTION 4. AND BE IT FURTHER ENACTED, That any designated
8 neighborhood approved by the Secretary of Housing and Community Development
9 prior to [the effective date of this Act] **JUNE 1, 2010** shall be considered a sustainable
10 community [for 24 months after the effective date of this Act] **UNTIL JUNE 1, 2013**.

11 SECTION 5. AND BE IT FURTHER ENACTED, That [within 24 months after
12 the effective date of this Act] **ON OR BEFORE JUNE 1, 2013**, a sponsor shall file an
13 application to redesignate any approved designated neighborhood as a sustainable
14 community under §§ 6–204 and 6–205 of the Housing and Community Development
15 Article for projects to be eligible for financial assistance under § 6–305(b) of the
16 Housing and Community Development Article, as enacted by Section 1 of this Act.

17 SECTION 3. AND BE IT FURTHER ENACTED, That, on or before October 1,
18 2017, the Maryland Department of Planning, in consultation with the Department of
19 Housing and Community Development and the Department of Transportation, shall
20 jointly report to the General Assembly, in accordance with § 2–1246 of the State
21 Government Article, on whether tax increment financing or a special assessment
22 district has been used by a local jurisdiction in a sustainable community and if so, the
23 impact of the financing on the infrastructure improvements within the sustainable
24 community.

25 SECTION 4. AND BE IT FURTHER ENACTED, That nothing contained in this
26 Act may be construed to impair, in any way, the validity of any bonds, notes, or other
27 obligations issued under Article 23A, § 44A of the Code, Article 24, § 9–1301 of the
28 Code, or §§ 12–201 through 12–213, inclusive, of the Economic Development Article or
29 the validity of any actions taken pursuant to any such authorities.

30 SECTION 5. AND BE IT FURTHER ENACTED, That if any provision of this
31 Act or the application thereof to any person or circumstance, including any covenant,
32 agreement, or action provided for herein to be performed, is held invalid for any reason
33 in a court of competent jurisdiction, the invalidity does not affect other provisions or
34 any other application of this Act which can be given effect without the invalid
35 provision or application, and for this purpose the provisions of this Act are declared
36 severable.

37 SECTION 6. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall
38 take effect June 1, 2012.

1 SECTION 7. AND BE IT FURTHER ENACTED, That, except as provided in
2 Section 6 of this Act, this Act shall take effect October 1, 2012.