

**CITY OF BALTIMORE  
COUNCIL BILL 07-0802  
(First Reader)**

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Introduced by: The Council President  
At the request of: The Administration (Baltimore Development Corporation)  
Introduced and read first time: September 17, 2007  
Assigned to: Taxation and Finance Committee

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REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Department of Planning, Department of Housing and Community Development, Baltimore City Parking Authority Board, Baltimore Development Corporation, Department of Finance

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A BILL ENTITLED

1 AN ORDINANCE concerning

2 **State Related Economic Development Projects**

3 FOR the purpose of authorizing and providing for negotiated payments in lieu of taxes  
4 (“PILOTs”) in connection with multi-use projects that combine at least 150 units of newly  
5 constructed residential housing, a parking structure containing at least 1000 parking spaces,  
6 and attendant retail space (collectively referred to as a “State Related Economic  
7 Development Project(s)”) constructed on land owned by the State of Maryland; authorizing  
8 the Mayor and City Council of Baltimore to enter into all arrangements necessary to  
9 effectuate PILOTs for such State Related Economic Development Projects, by any and all  
10 necessary and proper means; making certain legislative findings concerning the public  
11 benefits of this Ordinance; providing that the assessment of the property shall be carried on  
12 the assessment books as though the property were taxable for the purposes of determining the  
13 amount of any State aid that is based on the assessable base of the City; authorizing the  
14 Board of Estimates to approve the final terms of the PILOT Agreements; and providing for a  
15 special effective date.

16 By authority of  
17 Article - Tax - Property  
18 Section 7-501(b)  
19 Annotated Code of Maryland  
20 (2001 Replacement Volume)

21 **Recitals**

22 Section 7-501 of the Tax Property Article of the Annotated Code of Maryland (the  
23 “Enabling Law”) authorizes the Mayor and City Council of Baltimore (the “City”) to  
24 exempt from municipal property tax in the City and to accept a negotiated payment in  
25 lieu of the taxes on property owned by the State that is leased or otherwise made  
26 available to any person or business that is conducted for profit. The Enabling Law  
27 requires that the assessment of the property be included in the assessable base of the City  
28 to determine the amount of any State aid that is based on the assessable base of the City.

EXPLANATION: CAPITALS indicate matter added to existing law.  
[Brackets] indicate matter deleted from existing law.

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1 The City desires to encourage the development of State Related Economic Development  
2 Projects within the environs of the City to foster and stimulate economic growth. To  
3 accomplish this, the City desires the ability to offer a PILOT to prospective developers,  
4 lessees, sublessees, and transferees of State Related Economic Development Projects.

5 Authorizing the use of a PILOT in connection with or as part of a lease of land for State  
6 Related Economic Development Projects owned by the State of Maryland is in the best  
7 interest of the City and will achieve significant public benefits and purposes, including (i)  
8 the addition of properties to the tax rolls of the City and the resulting increase in tax  
9 revenues for the City, (ii) the encouragement of the economic development of the City,  
10 including the use of resources, ingenuity, and entrepreneurial talents of the private sector  
11 to develop State Related Economic Development Projects, (iii) the creation of job  
12 opportunities and the retention of existing jobs, (iv) the general promotion and  
13 improvement of the City and its facilities in order to foster and maintain the City and the  
14 image of the City as a healthy environment for the growth of business and industry, and  
15 (v) the continuous economic well-being of its residents, both individual and corporate,  
16 thereby further encouraging the health, welfare, and safety of the citizens of the State of  
17 Maryland and of the City.

18 **SECTION 1. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE,** That the  
19 Mayor and City Council finds and determines that:

- 20 (1) There is a need for multi-use projects that combine at least 150 units of newly  
21 constructed residential housing, a parking structure containing at least 1000 parking  
22 spaces, and attendant retail space in the City to provide additional housing and other  
23 facilities in the City and to achieve significant public benefits and purposes.
- 24 (2) The authorization by the Board of Estimates of the City to approve a PILOT in  
25 connection with or as part of a PILOT Agreement entered into on or after July 1,  
26 1998, for State Related Economic Development Projects on land owned by the State  
27 of Maryland and leased to any person who uses the property in connection with a  
28 business that is conducted for a profit will substantially aid in achieving and  
29 encouraging economic development in the City and other significant public benefits  
30 and purposes.

31 **SECTION 2. AND BE IT FURTHER ORDAINED,** That, acting pursuant to the Enabling Law and  
32 subject to this Ordinance, the City is authorized to exempt from municipal taxation State Related  
33 Economic Development Projects within the City that are on land owned by the State of  
34 Maryland, on or after July 1, 1998, that are leased or otherwise made available to any person or  
35 entity who uses the property in connection with a business that is conducted for profit and who is  
36 authorized to accept a PILOT in accordance with the terms and conditions of an agreement (the  
37 "PILOT Agreement") approved by the Board of Estimates. The assessment of the State Related  
38 Economic Development Projects, however, shall be included in the assessable base of the City to  
39 determine the amount of any State aid that is based on the assessable base of the City.

40 **SECTION 3. AND BE IT FURTHER ORDAINED,** That the City may grant an exemption and is  
41 authorized to negotiate a PILOT Agreement under this Ordinance for any property owned by the  
42 State of Maryland for use as a State Related Economic Development Project within the environs  
43 of the City.

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1       **SECTION 4. AND BE IT FURTHER ORDAINED,** That, for purposes of this Ordinance, “property  
2 owned by the State of Maryland” means any ownership interest held by the State of Maryland in  
3 the applicable real property, including legal title to property, whether in fee or as a leasehold  
4 interest, and whether or not subject to a ground lease.

5       **SECTION 5. AND BE IT FURTHER ORDAINED,** That, for purposes of this Ordinance, the term  
6 State Related Economic Development Project must be constructed on property owned by the  
7 State, or to be constructed, for use and operation as a State Related Economic Development  
8 Project, that has a minimum investment of \$2,500,000 in private capital.

9       **SECTION 6. AND BE IT FURTHER ORDAINED,** That any PILOT Agreement shall contain the  
10 terms and conditions that the Board of Estimates deems reasonable and necessary to accomplish  
11 the purpose of the Ordinance, taking into account the specific needs of the State Related  
12 Economic Development Project, including at least the minimum provisions required by law for  
13 minority and women participation in this State Related Economic Development Project.

14       **SECTION 7. AND BE IT FURTHER ORDAINED,** That the final terms of any PILOT Agreement  
15 affecting any State Related Economic Development Project and the final form of all documents  
16 drafted in connection with it are subject to the approval of the Board of Estimates and shall  
17 include:

18           (1) The PILOT Agreement shall be for a period of not more than 20 years after its  
19           effective date.

20           (2) During the term of the PILOT, a percentage of the incremental taxes based on the  
21           increase in the assessment due to the construction of the State Related Economic  
22           Development Project as such assessment may increase from time to time (the  
23           “Incremental Taxes”), which percentage shall not be less than 5% and may include  
24           the payment of a lump sum on an annual basis as determined by the Board of  
25           Estimates.

26       **SECTION 8. AND BE IT FURTHER ORDAINED,** That the provisions of this Ordinance are  
27 severable. If any provision, sentence, clause, section, or part is held illegal, invalid,  
28 unconstitutional, or inapplicable to any person or circumstances, such illegality, invalidity,  
29 unconstitutionality, or inapplicability does not affect or impair any of the remaining provisions,  
30 sentences, clauses, sections, or parts of this Ordinance or its application to other persons or  
31 circumstances. It is declared to be the legislative intent that this Ordinance would have been  
32 adopted, if that illegal, invalid, or unconstitutional provision, sentence, clause, section, or part  
33 had not been included.

34       **SECTION 9. AND BE IT FURTHER ORDAINED,** That this Ordinance takes effect on the date it  
35 is enacted.