

**CITY OF BALTIMORE
COUNCIL BILL 15-0586
(First Reader)**

Introduced by: The Council President

At the request of: The Administration (Baltimore Development Corporation)

Introduced and read first time: November 2, 2015

Assigned to: Taxation, Finance and Economic Development Committee

REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Board of Municipal and Zoning Appeals, Planning Department, Baltimore Development Corporation, Department of Housing and Community Development, Department of Public Works, Baltimore City Parking Authority Board, Department of Finance, Board of Estimates

A BILL ENTITLED

1 AN ORDINANCE concerning

2 **University of Maryland Baltimore BioPark Development District**

3 FOR the purpose of designating a “development district” to be known as the “University of
4 Maryland Baltimore BioPark Development District”; providing for and determining various
5 matters in connection with the establishment of the development district; creating a special,
6 tax increment fund for the development district; allocating certain property taxes to that fund;
7 making certain findings and determinations; providing for a special effective date; and
8 generally providing for matters relating to the designation and operation of the development
9 district and the establishment and use of the special, tax increment fund to provide for the
10 payment by or reimbursement to the City for debt service which the City is obligated to pay
11 or has paid (whether such obligation is general or limited) on any special obligation bonds or
12 notes issued by the City in connection with the development district, the replenishment of any
13 reserve fund, and the payment of certain expenses and administrative costs related to the
14 operation of the development district.

15 BY authority of
16 Article II - General Powers
17 Section (62)
18 Baltimore City Charter
19 (1996 Edition)

20 Economic Development Article
21 Sections 5-1401, *et seq.*
22 Maryland Code
23 (2008)

24 Economic Development Article
25 Sections 12-201, *et seq.*
26 Maryland Code
27 (2008)

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

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Recitals

1
2 Article II, Section (62) of the Baltimore City Charter (the “City TIF Act”)
3 authorizes the Mayor and City Council of Baltimore (the “City”) to create a
4 “development district” (as defined in the City TIF Act) and a special, tax
5 increment fund into which the revenues and receipts from the real property taxes
6 representing the levy on the “tax increment” (as defined in the City TIF Act) for
7 the development district are deposited for the purpose of providing funds for the
8 development of the development district.

9 The City TIF Act also authorizes the City, subject to certain requirements, to
10 borrow money by issuing and selling Bonds (as defined herein) for the purpose of
11 financing and refinancing the development of an industrial, commercial, or
12 residential area in Baltimore City. The City TIF Act provides, however, that no
13 Bonds may be issued by the City until an ordinance is enacted that (i) designates
14 an area or areas within the City as a “development district” and (ii) provides that,
15 until the Bonds have been fully paid, the property taxes on real property within the
16 development district shall be allocated as provided in the City TIF Act.

17 Pursuant to Article II, Section 62(l) of the Baltimore City Charter, the City is
18 granted the additional authority to issue Bonds for certain purposes as enumerated
19 in Sections 12-201, *et seq.* of the Economic Development Article of the Maryland
20 Code (the “Maryland TIF Act”) within a Regional Institution Strategic Enterprise
21 zone (a “RISE Zone”) that is designated in accordance with Sections 5-1401, *et*
22 *seq.* of the Economic Development Article of the Maryland Code (the “RISE
23 Zone Act”); and, together with the Maryland TIF Act, the “Maryland Acts”).

24 The City wishes to create a development district within Baltimore City and to
25 establish a special, tax increment fund for that development district for the
26 purpose of providing funds for the costs of innovation centers and laboratory
27 facilities and related costs that support the purposes of the RISE Zone program
28 permitted by the City TIF Act and the Maryland Acts (collectively, the “Acts”),
29 including, without limitation, the costs of the Project (defined herein) and other
30 related infrastructure improvements.

31 The City has introduced Council Bill 15-0561, approving the joint application of
32 the City and the University of Maryland at Baltimore for the designation of a
33 RISE Zone, which, if the boundary lines of the RISE Zone are designated as
34 proposed in the application, shall be within the development district.

35 **[APPROVAL OF BILL PENDING]**

36 The implementation of the creation of this development district is contingent upon
37 the enactment of Council Bill 15-0561 and upon the designation of the RISE Zone
38 boundaries (as those boundaries are described in the joint application of the City
39 and the University of Maryland at Baltimore submitted pursuant to Council Bill
40 15-0561) by the Secretary of Commerce of the State of Maryland. This Ordinance
41 will become effective upon the date of its enactment regardless of the date of
42 designation of the RISE Zone.

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1 **SECTION 1. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE,** That or
2 the purposes of this Ordinance, the following terms have the meanings indicated:

- 3 (a) “Acts” means the City TIF Act and the Maryland Acts.
- 4 (b) “Assessable base” means the total assessable base of all real property in the
5 Development District subject to taxation, as determined by the Supervisor of
6 Assessments.
- 7 (c) (1) “Assessment ratio” means any real property tax assessment ratio, however
8 designated or calculated, that is used or applied under applicable general law in
9 determining the assessable base.
- 10 (2) “Assessment ratio” includes the assessment percentage provided under § 8-103(c)
11 of the State Tax-Property Article, as amended, replaced, or supplemented from
12 time to time.
- 13 (d) “Bonds” means any bonds or bond, notes or note, or other similar instruments or
14 instrument issued by the City pursuant to and in accordance with the City TIF Act.
- 15 (e) “City TIF Act” means the Tax Increment Financing Act, as codified in Article II,
16 Section (62) of the Baltimore City Charter.
- 17 (f) “City Expenses” means the expenses of the City in carrying out its duties under this
18 Ordinance, including but not limited to all costs and expenses of the City incurred in
19 connection with the establishment of the Development District, the calculation and
20 the use of the Tax increment revenues, the issuance of Bonds, and the discharge of its
21 duties under any Bond indenture, including the costs of any employees of the City and
22 legal expenses associated with those duties, and in any way related to the
23 administration of the Development District.
- 24 (g) “Development District” means the area in the City designated in Section 3 of this
25 Ordinance as a development district under the City TIF Act.
- 26 (h) “Maryland Acts” means the Maryland TIF Act and RISE Zone Act.
- 27 (i) “Maryland TIF Act” means Sections 12-201, *et seq.* of the Economic Development
28 Article of the Maryland Code.
- 29 (j) “Original assessable base” means the assessable base as of January 1, 2014.
- 30 (k) “Original full cash value” means the dollar amount that is determined by dividing the
31 original assessable base by the assessment ratio used to determine the original
32 assessable base.
- 33 (l) “Original taxable value” means, for any tax year, the dollar amount that is the lesser
34 of:

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1 (1) the product of the original full cash value times the assessment ratio applicable
2 to that tax year; or

3 (2) the original assessable base.

4 (m) "Project" means the following improvements and activities that are to be completed
5 in accordance with all required City approvals:

6 (1) the acquisition, design, construction, reconstruction, renovation, and
7 development of private innovation centers and laboratory facilities, including
8 maintenance and installation of improvements in the structures and services
9 that support the purposes of the RISE Zone program; and

10 (2) the acquisition, construction, renovation, and development of other related
11 infrastructure improvements and the financing or refinancing of any related
12 costs as permitted by the Acts that are necessary for the completion of the
13 foregoing for their intended public purposes.

14 (n) "RISE Zone Act" means Sections 5-1401, *et seq.* of the Economic Development
15 Article of the Maryland Code.

16 (o) "Tax increment" means for any tax year, the amount by which the assessable base as
17 of January 1 preceding that tax year exceeds the original taxable value, divided by the
18 assessment ratio used to determine the original taxable value.

19 (p) "Tax Increment Fund" means the special fund established by Section 4 of this
20 Ordinance.

21 (q) "Tax year" means the period from July 1 of a calendar year through June 30 of the
22 next calendar year.

23 **SECTION 2. AND BE IT FURTHER ORDAINED,** That the Mayor and City Council of Baltimore
24 finds and determines that the creation of the Development District, the creation of the Tax
25 Increment Fund for the Development District, the issuance of Bonds from time to time, and the
26 pledge of amounts, subject to appropriation, on deposit in the Tax Increment Fund to the
27 payment of debt service on and other costs related to any Bonds, all for the purpose of providing
28 funds for the financing and refinancing of a portion of the costs of the Project, accomplishes the
29 purposes of the Acts, serves public purposes, including the direct and indirect enhancement of
30 the taxable base of the City, the creation of new employment opportunities, the encouragement of
31 additional economic activities, the development or redevelopment of slum, blighted or
32 deteriorated areas, the undertaking of urban renewal projects, and the facilitation of planned
33 improvements to the Development District, and generally promotes the health, welfare, and
34 safety of the residents of the State of Maryland and of the City of Baltimore.

35 **SECTION 3. AND BE IT FURTHER ORDAINED,** That subject to the provisions at Section 5, the
36 area consisting of 850 West Baltimore Street, Baltimore, Maryland (Ward 18, Section 10, Block
37 0203, Lot 001B) and 873 West Baltimore Street, Baltimore, Maryland (Ward 18, Section 09,
38 Block 0220, Lot 001M), and made a part of this Ordinance (as the same may be renumbered or
39 redesignated as a result of any subdivision or resubdivision of such property), together with the
40 adjoining roads, highways, alleys, rights-of-way and other similar property or rights, shown on

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1 the map attached to this Ordinance as Exhibit 1, which contains the boundaries of the area
2 described in the RISE Zone application [approved by Council Bill 15-0561], and made a part of
3 this Ordinance, is created as a development district to be known as the “University of Maryland
4 Baltimore BioPark Development District.”

5 **SECTION 4. AND BE IT FURTHER ORDAINED,** That subject to the provisions at Section 5, a
6 special fund is created for the Development District to be known as the “University of Maryland
7 Baltimore BioPark Development District Tax Increment Fund” (the “Tax Increment Fund”). The
8 Director of Finance and other officers and employees of the City shall take all necessary steps to
9 establish the Tax Increment Fund as a separate fund to be held by or for the account of the City.

10 **SECTION 5. AND BE IT FURTHER ORDAINED,** That the implementation of the establishment
11 of the Development District and the implementation of the creation of the Tax Increment Fund
12 are contingent upon the designation of the Secretary of Commerce of the State of Maryland of a
13 RISE Zone, the boundaries of which must be the same as the boundaries described in the joint
14 application approved by Council Bill 15-0561.

15 **SECTION 6. AND BE IT FURTHER ORDAINED,** That on the next business day subsequent to the
16 designation of the RISE Zone, the creation of the Development District and creation of the Tax
17 Increment Fund will be documented in the records of the City and implemented by the Director
18 of Finance.

19 **SECTION 7. AND BE IT FURTHER ORDAINED,** That:

20 (a) For each tax year that begins after the effective date of this Ordinance, if the
21 Development District has been implemented and the Tax Increment Fund has been
22 implemented, the Director of Finance shall divide the property taxes on real property
23 within the Development District so that:

24 (1) the portion of the taxes that would be produced by the rate at which taxes are
25 levied each year by the City upon the original taxable value shall be allocated
26 to and, when collected, paid into the funds of the City in the same manner as
27 taxes levied and collected by the City on all other property are paid; and

28 (2) the portion of the taxes representing the levy on the tax increment that would
29 normally be paid to the City shall be paid into the Tax Increment Fund, to be
30 applied in accordance with the provisions of this Ordinance, any ordinance
31 authorizing the issuance of Bonds, and the Acts.

32 (b) The City acknowledges that neither the rate at which taxes are levied on real property
33 within the Development District, nor the manner of assessment of the value of real
34 property within the Development District, may vary from the rate or manner of
35 assessment that otherwise would have applied if the Development District had not
36 been created and the Tax Increment Fund had not been created.

37 **SECTION 8. AND BE IT FURTHER ORDAINED,** That:

38 (a) If no Bonds are outstanding with respect to the Development District, money in the
39 Tax Increment Fund may be:

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- 1 (1) used for any other purposes described in the Acts, including the payment or
2 reimbursement of costs of the Project;
 - 3 (2) accumulated for payment of debt service on Bonds to be subsequently issued
4 under the Acts;
 - 5 (3) used to pay or reimburse the City for debt service or other related costs that
6 the City is obligated to pay or has paid (whether as a general or limited
7 obligation of the City) on any Bonds issued by the City, the proceeds of which
8 have been used for any of the purposes specified in the Acts; or
 - 9 (4) paid to the City to provide funds to be used for any legal purpose.
- 10 (b) In the case of Sections 8(a)(2) and (a)(3) above, the use must be approved by
11 appropriate action of the Mayor and City Council, and in the case of Sections 8(a)(1)
12 and (a)(4), the use must be approved by the appropriate action of the Board of
13 Finance, which action may generally specify the purpose for which the Tax Increment
14 Fund may be used and the maximum amount that may be applied for that purpose,
15 without specifying the actual amounts to be applied.

16 **SECTION 9. AND BE IT FURTHER ORDAINED, That:**

- 17 (a) If any Bonds are outstanding with respect to the Development District, money in the
18 Tax Increment Fund may be used in any fiscal year as provided in Section 8 of this
19 Ordinance and in any indenture authorizing the issuance of such Bonds, but only to
20 the extent that:
- 21 (1) the amount in the Tax Increment Fund exceeds the debt service payable on the
22 Bonds and the amounts necessary to replenish any reserves and to pay any
23 City Expenses, and administrative costs in that fiscal year, and is not
24 otherwise restricted so as to prohibit its use; and
 - 25 (2) the use is not prohibited by any ordinance authorizing the issuance of the
26 Bonds and the pledge of amounts on deposit in the Tax Increment Fund.
- 27 (b) In each case, the use must be approved by appropriate action of the Board of Finance,
28 which action may generally specify the purpose for which the Tax Increment Fund
29 may be used and the maximum amount that may be applied for that purpose, without
30 specifying the actual amounts to be applied.

31 **SECTION 10. AND BE IT FURTHER ORDAINED,** That the Director of Finance may do all acts
32 and things and execute all documents and certificates relating to the Development District and
33 the Tax Increment Fund.

34 **SECTION 11. AND BE IT FURTHER ORDAINED,** That any approvals, authorizations, or
35 activities provided in this Ordinance do not constitute and may not be deemed to constitute or
36 imply that the City Council, the Mayor, or any department, office or agency of the City has given
37 or will give, any approval, authorization or consent to any action or activity within or required for
38 the development of the Development District, including any land use approval, requirements for

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1 the provision of public utilities or services, or any other administrative, judicial, quasi-judicial, or
2 legislative approval, authorization, or consent.

3 **SECTION 12. AND BE IT FURTHER ORDAINED,** That this Ordinance may be amended by a
4 subsequent ordinance of the Mayor and City Council of Baltimore, which ordinance may enlarge
5 or reduce the size of the Development District or provide for a future pledge of the Tax
6 Increment Fund other than as contemplated under this Ordinance. However, no ordinance may
7 be effective to change the size of the Development District if it would result in the exclusion of
8 any part of the RISE Zone (as those boundaries are designated by the Secretary of Commerce of
9 the State of Maryland). Nor may an ordinance be effective to reduce the size of the Development
10 District so long as there are any outstanding Bonds secured by the Tax Increment Fund, unless
11 the ordinance authorizing the issuance of the Bonds permits the City to reduce the area
12 constituting the Development District, the holders of such Bonds or an authorized representative
13 on their behalf consents to the reduction, or the indenture authorizing the issuance of such Bonds
14 permits the reduction.

15 **SECTION 13. AND BE IT FURTHER ORDAINED,** That the provisions of this Ordinance are
16 severable. If any provision, sentence, clause, section or other part of this Ordinance is held or
17 determined to be illegal, invalid, unconstitutional, or inapplicable to any person or circumstances,
18 that illegality, invalidity, unconstitutionality, or inapplicability does not affect or impair any of
19 the remaining provisions, sentences, clauses, sections, or parts of this Ordinance or their
20 application to other persons or circumstances. It is the intent of the Mayor and City Council that
21 this Ordinance would have been passed even if the illegal, invalid, unconstitutional, or
22 inapplicable provision, sentence, clause, section, or other part had not been included in this
23 Ordinance, and as if the person or circumstances to which this Ordinance or part are inapplicable
24 had been specifically exempted.

25 **SECTION 14. AND BE IT FURTHER ORDAINED,** That if the Development District and the Tax
26 Increment Fund are not implemented on or prior to December 31, 2017, the designation of the
27 Development District as a development district shall be repealed effective January 1, 2018.

28 **SECTION 15. AND BE IT FURTHER ORDAINED,** That this Ordinance creating the Development
29 District takes effect when it is enacted.

30 *(See next page for Exhibit 1, Map of Development District)*

