

**CITY OF BALTIMORE
COUNCIL BILL 16-0669
(First Reader)**

Introduced by: The Council President

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

Introduced and read first time: May 16, 2016

Assigned to: Taxation, Finance and Economic Development Committee

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

A BILL ENTITLED

1 AN ORDINANCE concerning

2 **Port Covington Development District**

3 FOR the purpose of designating a “development district” to be known as the “Port Covington
4 Development District”; providing for and determining various matters in connection with the
5 establishment of the development district; creating a special, tax increment fund for the
6 development district; allocating certain property taxes to that fund; making certain findings
7 and determinations; providing for a special effective date; and generally providing for matters
8 relating to the designation and operation of the development district, the establishment and
9 use of the special, tax increment fund to provide for the payment by or reimbursement to the
10 City for debt service, which the City is obligated to pay or has paid (whether such obligation
11 is general or limited) on any special obligation bonds or notes issued by the City, the
12 authorization of a pledge by the City, subject to appropriation, of the tax increment revenues,
13 pursuant to a Contribution Agreement (defined herein), to provide for the payment by the
14 State Issuer (defined herein) of the principal of and interest on the applicable State
15 Obligations (defined herein) issued in connection with the development district and other
16 related costs, the replenishment of any reserve fund established for any bonds or State
17 Obligations, and the payment of certain expenses and administrative costs related to the
18 operation of the development district.

19 BY authority of
20 Article II - General Powers
21 Section (62)
22 Baltimore City Charter
23 (1996 Edition)

24 **Recitals**

25 The Tax Increment Financing Act, Article II, Section (62) of the Baltimore City Charter (the
26 “Tax Increment Financing Act”), authorizes the Mayor and City Council of Baltimore (the
27 “City”) to establish a “development district” (as defined in the Tax Increment Financing Act) and
28 a special, tax increment fund into which the revenues and receipts from the real property taxes
29 representing the levy on the “tax increment” (as defined in the Tax Increment Financing Act) for

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

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1 the development district are deposited for the purpose of providing funds for the development of
2 the development district.

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

11 The Tax Increment Financing Act also authorizes the City, subject to certain requirements, to use
12 the tax increment revenues to pay or reimburse the City for debt service which the City is
13 obligated to pay or has paid (whether such obligation is general or limited) on Bonds or, under a
14 Contribution Agreement, to a State Issuer (defined herein) for the payment of principal of and
15 interest on applicable State Obligations (defined herein) for the purpose of providing funds for
16 the development of the development district.

17 The City wishes to establish a development district within Baltimore City and to establish a
18 special, tax increment fund for that development district for the purpose of providing funds for
19 the costs of the infrastructure improvements and related costs permitted by the Tax Increment
20 Financing Act, including, without limitation, the costs of the Project (defined herein) and other
21 related infrastructure improvements.

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

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

27 (b) (1) “Assessment ratio” means any real property tax assessment ratio, however
28 designated or calculated, that is used or applied under applicable general law in
29 determining the assessable base.

30 (2) “Assessment ratio” includes the assessment percentage provided under § 8-103(c)
31 of the State Tax-Property Article, as amended, replaced, or supplemented from
32 time to time.

33 (c) “Bond Ordinance” means the Ordinance of the City authorizing (1) the issuance of
34 Bonds or (2) the execution and delivery by the City of a Contribution Agreement and
35 the pledge by the City, subject to appropriation, of the tax increment revenues
36 pursuant to such Contribution Agreement to provide for the payment by the State
37 Issuer of the principal of and interest on the applicable State Obligations and other
38 related costs.

39 (d) “Bonds” means any bonds or bond, notes or note, or other similar instruments or
40 instrument issued by the City pursuant to and in accordance with the Tax Increment
41 Financing Act.

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- 1 (e) "City Expenses" shall have the meaning set forth in the Bond Ordinance.
- 2 (f) "Contribution Agreement" means one or more contribution agreements or such other
3 agreements executed by the City and a State Issuer, pursuant to which the City will
4 evidence a pledge, subject to appropriation, of the tax increment revenues to provide
5 for the payment by the State Issuer of the principal of and interest on the applicable
6 State Obligations, the replenishment of any reserve fund for the State Obligations, and
7 the payment of other costs with respect to the State Obligations, including, without
8 limitation, any City Expenses, State Issuer Expenses, and other administrative costs.
- 9 (g) "Development District" means the area in the City designated in Section 3 of this
10 Ordinance as a development district under the Tax Increment Financing Act.
- 11 (h) "Indenture" or "Indentures" means the indenture or indentures, as applicable, under
12 which any Bonds or State Obligations are issued.
- 13 (i) "MEDCO" means the Maryland Economic Development Corporation.
- 14 (j) "Original assessable base" means the assessable base as of January 1, 2015.
- 15 (k) "Original full cash value" means the dollar amount that is determined by dividing the
16 original assessable base by the assessment ratio used to determine the original
17 assessable base.
- 18 (l) "Original taxable value" means, for any tax year, the dollar amount that is the lesser
19 of:
- 20 (1) the product of the original full cash value times the assessment ratio applicable to
21 that tax year; or
- 22 (2) the original assessable base.
- 23 (m) "Project" shall have the meaning set forth in Schedule I attached hereto and made a
24 part hereof.
- 25 (n) "State Issuer" means MEDCO, the State of Maryland, or any agency, department, or
26 political subdivision thereof.
- 27 (o) "State Issuer Expenses" means administrative costs and other expenses related to the
28 State Obligations of the State Issuer and approved by the Director of Finance to be
29 paid by the City, if required by a Contribution Agreement.
- 30 (p) "State Obligations" means any bonds or bond, notes or note, or other similar
31 instruments or instrument issued by a State Issuer, the proceeds of which have been
32 used to finance a portion of the costs of the Project, as permitted by Section (62)(c) of
33 the Tax Increment Financing Act.
- 34 (q) "Tax Increment" means for any tax year, the amount by which the assessable base as
35 of January 1 preceding that tax year exceeds the original taxable value, divided by the
36 assessment ratio used to determine the original taxable value.

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- 1 (r) "Tax Increment Financing Act" means the Tax Increment Financing Act, as codified
2 in Article II, Section (62) of the Baltimore City Charter.
- 3 (s) "Tax Increment Fund" means the special fund established by Section 4 of this
4 Ordinance.
- 5 (t) "Tax Year" means the period from July 1 of a calendar year through June 30 of the
6 next calendar year.

7 **SECTION 2. AND BE IT FURTHER ORDAINED,** That the Mayor and City Council of Baltimore
8 finds and determines that (a) the establishment of the Development District, (b) the creation of
9 the Tax Increment Fund for the Development District, and (c) the pledge of amounts, subject to
10 appropriation, on deposit in the Tax Increment Fund to the payment of debt service on and other
11 costs related to Bonds or the pledge by the City of amounts, subject to appropriation, on deposit
12 in the Tax Increment Fund, pursuant to a Contribution Agreement, to provide for the payment by
13 the State Issuer of the principal of and interest on the applicable State Obligations and other
14 related costs, all for the purpose of providing funds for the financing and refinancing of a portion
15 of the costs of the Project, accomplish the purposes of the Tax Increment Financing Act, serve
16 public purposes, including but not limited to the direct and indirect enhancement of the taxable
17 base of the City, the development or redevelopment of environmentally damaged areas, the
18 creation of new employment opportunities, the encouragement of additional economic activities,
19 the undertaking of urban renewal projects, the facilitation of planned improvements to the
20 Development District, and generally promote the health, welfare, and safety of the residents of
21 the State of Maryland and of the City of Baltimore and the furtherance of economic development
22 conducted pursuant to applicable comprehensive plans and land use legislation.

23 **SECTION 3. AND BE IT FURTHER ORDAINED,** That the contiguous area consisting of the
24 properties designated as described in Exhibit 2 attached hereto and made a part hereof (as the
25 same may be renumbered or redesignated as a result of any subdivision or resubdivision of such
26 property), together with the adjoining roads, highways, alleys, rights-of-way and other similar
27 property, shown on the map in Exhibit 1 attached hereto and made a part hereof is designated as
28 a development district to be known as the "Port Covington Development District."

29 **SECTION 4. AND BE IT FURTHER ORDAINED,** That a special fund is established for the
30 Development District to be known as the "Port Covington Development District Tax Increment
31 Fund". The Director of Finance and other officers and employees of the City shall take all
32 necessary steps to establish the Tax Increment Fund as a separate fund to be held by or for the
33 account of the City.

34 **SECTION 5. AND BE IT FURTHER ORDAINED,** That:

- 35 (a) For each tax year that begins after the effective date of this Ordinance, the Director of
36 Finance shall divide the property taxes on real property within the Development
37 District so that:
 - 38 (1) the portion of the taxes that would be produced by the rate at which taxes are
39 levied each year by the City upon the original taxable value shall be allocated to
40 and, when collected, paid into the funds of the City in the same manner as taxes
41 levied and collected by the City on all other property are paid; and

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1 (2) the portion of the taxes representing the levy on the Tax Increment that would
2 normally be paid to the City shall be paid into the Tax Increment Fund, to be
3 applied in accordance with the provisions of this Ordinance, the Bond Ordinance,
4 the Tax Increment Financing Act, and any applicable Indenture or Contribution
5 Agreement.

6 (b) The City acknowledges that neither the rate at which taxes are levied on real property
7 within the Development District nor the manner of assessment of the value of real
8 property within the Development District may vary from the rate or manner of
9 assessment that otherwise would have applied if the Development District were not
10 designated and the Tax Increment Fund not created.

11 **SECTION 6. AND BE IT FURTHER ORDAINED, That:**

12 (a) If no Bonds or State Obligations are outstanding with respect to the Development
13 District, money in the Tax Increment Fund may be:

14 (1) used for any other purposes described in the Tax Increment Financing Act,
15 including the payment or reimbursement of costs of the Project;

16 (2) accumulated for payment of (i) debt service on Bonds or (ii) if required by a
17 Contribution Agreement, the City's payment obligations to the State Issuer to
18 provide for the payment by a State Issuer of debt service on State Obligations, to
19 be subsequently issued under the Tax Increment Financing Act or by a State
20 Issuer, respectively;

21 (3) used to pay or reimburse the City for debt service, or other related costs, that the
22 City is obligated to pay or has paid (whether as a general or limited obligation of
23 the City) with respect to any Bonds issued by the City or to provide for the
24 payment of amounts payable under a Contribution Agreement to the State Issuer
25 to provide for the principal of and interest on, and other related costs of, any State
26 Obligations, the proceeds of which have been used for any of the purposes
27 specified in the Tax Increment Financing Act; or

28 (4) paid to the City to provide funds to be used for any legal purpose.

29 (b) In the case of Sections 6(a)(2) and (a)(3) above, the use must be approved by
30 appropriate action of the Mayor and City Council, and in the case of Sections 6(a)(1)
31 and (a)(4) above, the use must be approved by the appropriate action of the Board of
32 Finance, which action may generally specify the purpose for which the Tax Increment
33 Fund may be used and the maximum amount that may be applied for that purpose,
34 without specifying the actual amounts to be applied.

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

36 (a) If any Bonds or State Obligations are outstanding with respect to the Development
37 District, money in the Tax Increment Fund may be used in any fiscal year as provided
38 in Section 6 of this Ordinance and in any Indenture authorizing the issuance of such
39 Bonds or State Obligations, but only to the extent that:

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1 (1) the amount in the Tax Increment Fund exceeds the debt service payable on such
2 Bonds, the amounts payable under any Contribution Agreement and the amounts
3 necessary to replenish any reserves and to pay any City Expenses, State Issuer
4 Expenses (if required by a Contribution Agreement), and administrative costs in
5 that fiscal year, and is not otherwise restricted so as to prohibit its use; and

6 (2) the use is not prohibited by the ordinance authorizing the issuance of the Bonds or
7 State Obligations or the pledge of amounts on deposit in the Tax Increment Fund
8 to the payment of principal of and interest on the Bonds or to the payment of
9 obligations under a Contribution Agreement to provide for the payment by a State
10 Issuer of the principal of and interest on the State Obligations.

11 (b) In each case, the use must be approved by appropriate action of the Board of Finance,
12 which action may generally specify the purpose for which the Tax Increment Fund
13 may be used and the maximum amount that may be applied for that purpose, without
14 specifying the actual amounts to be applied.

15 **SECTION 8. AND BE IT FURTHER ORDAINED,** That the Director of Finance may do all acts
16 and things and execute all documents and certificates relating to the Development District and
17 the Tax Increment Fund.

18 **SECTION 9. AND BE IT FURTHER ORDAINED,** That any approvals, authorizations, or activities
19 provided in this Ordinance do not constitute and may not be deemed to constitute or imply that
20 the City Council, the Mayor, or any department, office or agency of the City has given or will
21 give, any approval, authorization, or consent to any action or activity within or required for the
22 development of the Development District, including any land use approval, requirements for the
23 provision of public utilities or services, or any other administrative, judicial, quasi-judicial, or
24 legislative approval, authorization, consent, or any necessary amendments to underlying zoning
25 laws and maps, urban renewal plans, Planned Unit Developments or Master Plans.

26 **SECTION 10. AND BE IT FURTHER ORDAINED,** That this Ordinance may be amended by a
27 subsequent ordinance of the Mayor and City Council of Baltimore, which ordinance may enlarge
28 or reduce the size of the Development District. However, no ordinance may be effective to
29 reduce the size of the Development District so long as there are any outstanding Bonds secured
30 by the Tax Increment Fund or City payment obligations pursuant to a Contribution Agreement to
31 provide for the payment by the State Issuer of the principal of and interest on the applicable State
32 Obligations, respectively, unless the ordinance authorizing the issuance of the Bonds or State
33 Obligations permits the City to reduce the area constituting the Development District, the holders
34 of such Bonds or State Obligations or an authorized representative on their behalf consents to the
35 reduction, or the indenture authorizing such Bonds or State Obligations permits the reduction.

36 **SECTION 11. AND BE IT FURTHER ORDAINED,** That the provisions of this Ordinance are
37 severable. If any provision, sentence, clause, section, or other part of this Ordinance is held or
38 determined to be illegal, invalid, unconstitutional, or inapplicable to any person or circumstances,
39 that illegality, invalidity, unconstitutionality, or inapplicability does not affect or impair any of
40 the remaining provisions, sentences, clauses, sections, or parts of this Ordinance or their
41 application to other persons or circumstances. It is the intent of the Mayor and City Council that
42 this Ordinance would have been passed even if the illegal, invalid, unconstitutional, or
43 inapplicable provision, sentence, clause, section, or other part had not been included in this

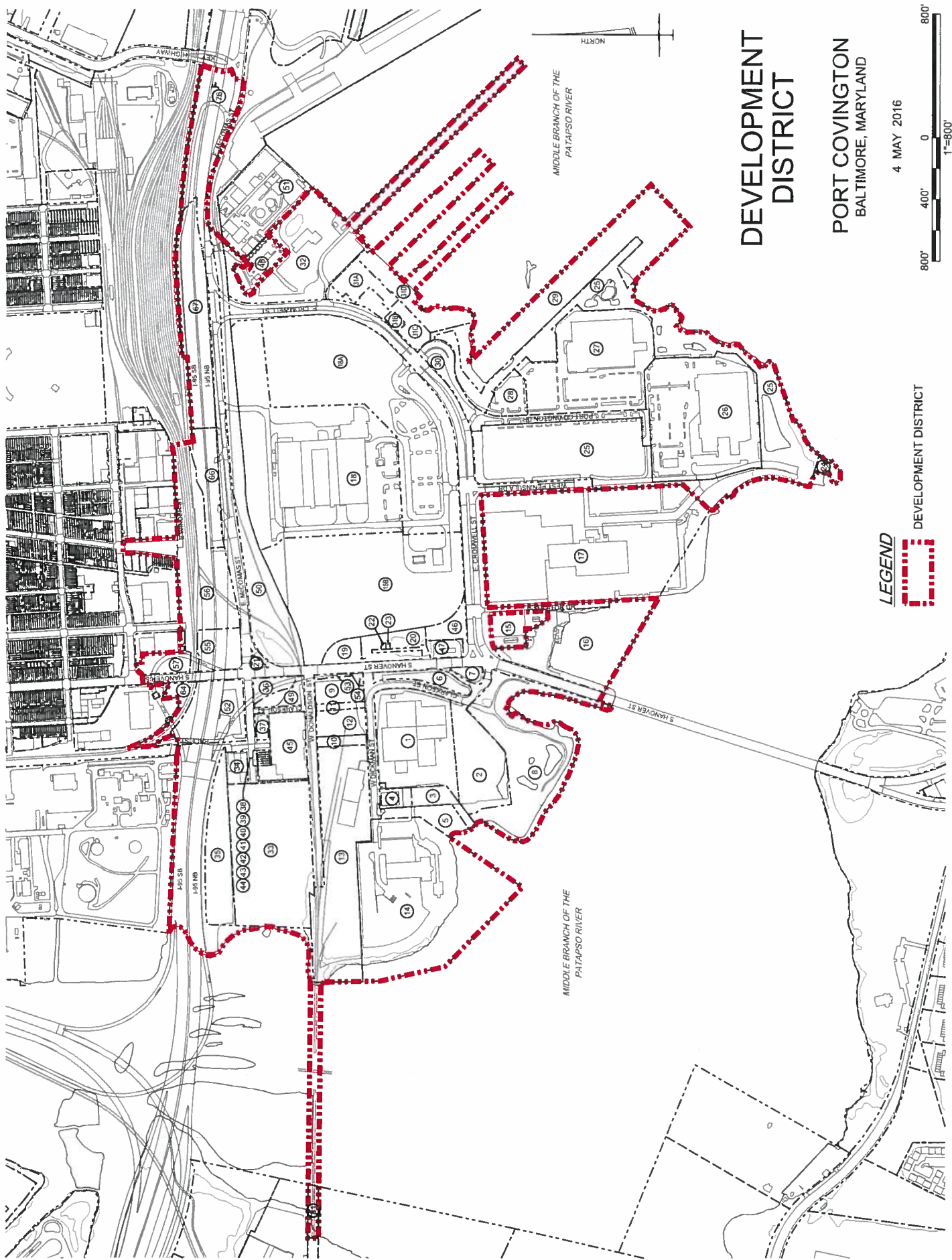
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1 Ordinance, and as if the person or circumstances to which this Ordinance or part are inapplicable
2 had been specifically exempted.

3 **SECTION 12. AND BE IT FURTHER ORDAINED,** That this Ordinance takes effect when it is
4 enacted.

5 **For Exhibit 1**
6 **Map of Development District**

7 *See next page*



DEVELOPMENT DISTRICT

PORT COVINGTON
BALTIMORE, MARYLAND

4 MAY 2016



LEGEND

 DEVELOPMENT DISTRICT

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Exhibit 2

List of Properties

Parcels with Block and Lot numbers:

<u>Parcel ID</u>	<u>Address (if available)</u>
23-10-1060-001	101 West Dickman Street
23-10-1060-001A	2400 Clarkston Street
23-10-1060-002	FL ES Leadenhall St (if open) 150'S W
23-10-1060-002A	111 West Dickman Street
23-10-1060-003	FL SS Dickman St 420' W Race S
23-10-1060-004	2300 Hanover Street South
23-10-1060-005	2400 S. Hanover Street
23-10-1060-006	101 West Cromwell Street
23-10-1058-005A	120 West Dickman Street
23-10-1058-005B	NS W. Dickman St 380 ft W of S.
23-10-1058-005C	NS W. Dickman St 190 ft W of S
23-10-1058-001	150 West Dickman Street
23-10-1055-001	250 West Dickman Street
23-10-1055-010	260 West Dickman Street
23-10-1078-002	2600 Insulator Drive
24-06-1053-001	300 East Cromwell Street
24-06-1053-001A	200 East Cromwell Street
24-06-1053-001B	100 East Cromwell Street
24-06-1053-009A	ES Hanover St. 255-6 S of McComas St.
24-06-1053-009	-
24-06-1053-008	SS W McComas St SEC S Hanover S
24-06-1053-007	ES Moale Alley 64 ft S of Dickson
24-06-1053-006	ES Moale Alley 90 ft S of Dickson
24-06-1053-003	ES Light St 3871 ft S of McComas St
24-06-1053-010	101 East Cromwell Street
24-06-1053-010A	2701 Port Covington Drive
24-06-1053-010B	2601 Port Covington Drive
24-06-1053-010C	2501 Port Covington Drive
24-06-1053-010D	2551 Port Covington Drive
24-06-1053-010E	201 East Cromwell Street
24-06-1053-012	301 E Cromwell - Land Unit 1
24-06-1053-012A	301 E Cromwell - Land Unit 2
24-06-1053-012B	301 E Cromwell - Land Unit 3
24-06-1053-012C	301 E Cromwell - Land Unit 4
24-06-1053-011A	321 East Cromwell Street
23-10-1049-001	SS McComas St SEC Leadenhall St
23-10-1040-001	200 W, McComas Street
23-10-1040-002A	SS I-95 R/W West of Race St
23-10-1050-001	SS W McComas St 212 ft E of Clarkson
23-10-1050-007	151 West McComas Street
23-10-1050-009	201 McComas Street
23-10-1050-010	203 McComas Street

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1	23-10-1050-011	205 McComas Street
2	23-10-1050-012	207 McComas St
3	23-10-1050-013	209 McComas St
4	23-10-1050-014	211 McComas Street
5	23-10-1050-015	213 McComas Street
6	23-10-1050-016	2101 Race Street
7	23-10-1073-001	10 W Cromwell Street
8	23-10-1073-005	2401 S Hanover Street
9	23-09-1028-007	2001 Race Street
10	23-10-1058-006A	-
11	23-10-1058-006	WS S Hanover St NWC W. Dickman Street
12	23-10-1036-012	2051 S Hanover Street
13	23-10-1036-009	ES S Hanover St 113'2 S W Wells
14	24-06-1045-001	NS E. McComas St NEC Light St
15	24-06-1950-001	300 McComas Street
16	24-06-2059-001	1800 Key Highway

17 **Parcels without Block and Lot numbers:**

18 The parcel of land that is part of Ward 50, Section 000, Block PSC0, Lot 010 and is bounded on
19 the north by West McComas Ave.; the west by Clarkson Street; the south by West Donaldson
20 Street; and the east by South Hanover Street (not including, but for the sake of clarity, the parcel
21 known as Ward 23, Section 10, Block 1050, Lot 001).

22 The parcel of land that is part of Ward 50, Section 000, Block PSC0, Lot 010 and is bounded on
23 the west by South Hanover Street; on the north by East McComas Street; on the east by the
24 intersection of Key Highway and I-95; and on the south by the northern boundaries of the
25 following parcels within Ward 24, Section 06: Block 1053 Lot 001B, Block 1053 Lot 001,
26 Block 1053 Lot 001A, and Block 1053 Lot 011A.

27 The parcel of land that is (i) underneath I-95, (ii) part of Ward 50, Section 000, Block PSC0, Lot
28 010, and (iii) is bounded on the east by South Hanover Street; the south by East McComas; the
29 north by Winder Street; and the east by (a) an imaginary straight line from Winder Street to the
30 parcel known as Ward 24, Section 06, Block 1045, Lot 001 and (b) the parcel known as Ward 24,
31 Section 06, Block 1045, Lot 001.

32 The parcel of land that is part of Ward 50, Section 000, Block PSC0, Lot 010 and is bounded on
33 the east by South Hanover Street; on the south by the parcels known as Ward 23, Section 09,
34 Block 1028, Lot 007 (2001 Race Street) and Ward 23, Section 09, Block 1028, Lot 007A; on the
35 north by the parcel known as Ward 23, Section 09, Block 1028, Lot 005 (1900 South Hanover
36 Street); and on the west by an imaginary straight line extending from the northernmost point of
37 Race Street to the parcel known as Ward 23, Section 09, Block 1028, Lot 005.

38 The parcel of land that is part of Ward 50, Section 000, Block PSC0, Lot 010 and is immediately
39 east of the parcel of land that is known as Ward 25, Section 05, Block 7612, Lot 005A (2099
40 Kloman Street).