



City of Baltimore

City Council
City Hall, Room 408
100 North Holliday Street
Baltimore, Maryland 21202

Legislation Text

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INTRODUCTORY*

CITY OF BALTIMORE
COUNCIL BILL

Introduced by: The Council President

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

A BILL ENTITLED

AN ORDINANCE concerning

University of Maryland Baltimore BioPark Development District

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

BY authority of

Article II - General Powers
Section (62)
Baltimore City Charter
(1996 Edition)

Economic Development Article
Sections 5-1401, et seq.
Maryland Code
(2008)

Economic Development Article
Sections 12-201, et seq.
Maryland Code

(2008)

Recitals

Article II, Section (62) of the Baltimore City Charter (the ♦City TIF Act♦) authorizes the Mayor and City Council of Baltimore (the ♦City♦) to create a ♦development district♦ (as defined in the City TIF Act) and a special, tax increment fund into which the revenues and receipts from the real property taxes

representing the levy on the ♦tax increment♦ (as defined in the City TIF Act) for the development district are deposited for the purpose of providing funds for the development of the development district.

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

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

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

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

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

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

- (a) ♦Acts♦ means the City TIF Act and the Maryland Acts.
- (b) ♦Assessable base♦ means the total assessable base of all real property in the Development District subject to taxation, as determined by the Supervisor of Assessments.
- (c) (1) ♦Assessment ratio♦ means any real property tax assessment ratio, however designated or calculated, that is used or applied under applicable general law in determining the assessable base.

(2) ♦Assessment ratio♦ includes the assessment percentage provided under ♦ 8▲103(c) of the State Tax-Property Article, as amended, replaced, or supplemented from time to time.
- (d) ♦Bonds♦ means any bonds or bond, notes or note, or other similar instruments or instrument issued by the City pursuant to and in accordance with the City TIF Act.
- (e) ♦City TIF Act♦ means the Tax Increment Financing Act, as codified in Article II, Section (62) of the Baltimore City Charter.
- (f) ♦City Expenses♦ means the expenses of the City in carrying out its duties under this Ordinance, including but not limited to all costs and expenses of the City incurred in connection with the establishment of the Development District, the calculation and the use of the Tax increment revenues, the issuance of Bonds, and the discharge of its duties under any Bond indenture, including the costs of any employees of the City and legal expenses associated with those duties, and in any way related to the administration of the Development District.
- (g) ♦Development District♦ means the area in the City designated in Section 3 of this Ordinance as a development district under the City TIF Act.
- (h) ♦Maryland Acts♦ means the Maryland TIF Act and RISE Zone Act.
- (i) ♦Maryland TIF Act♦ means Sections 12-201, et seq. of the Economic Development Article of the Maryland Code.
- (j) ♦Original assessable base♦ means the assessable base as of January 1, 2014.
- (k) ♦Original full cash value♦ means the dollar amount that is determined by dividing the original assessable base by the assessment ratio used to determine the original assessable base.
- (l) ♦Original taxable value♦ means, for any tax year, the dollar amount that is the lesser of:
 - (1) the product of the original full cash value times the assessment ratio applicable to that tax year; or
 - (2) the original assessable base.

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

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

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

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

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

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

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

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

SECTION 3. AND BE IT FURTHER ORDAINED, That subject to the provisions at Section 5, the area consisting of 850 West Baltimore Street, Baltimore, Maryland (Ward 18, Section 10, Block 0203, Lot 001B) and 873 West Baltimore Street, Baltimore, Maryland (Ward 18, Section 09, Block 0220, Lot 001M), and made a part of this Ordinance (as the same may be renumbered or redesignated as a result of any subdivision or resubdivision of such property), together with the adjoining roads, highways, alleys, rights▲of▲way and other similar property or rights, shown on the map attached to this Ordinance as Exhibit♦1, which contains the boundaries of the area described in the RISE Zone application [approved by Council Bill 15-0561], and made a part of this Ordinance, is created as a development district to be known as the ♦University of Maryland Baltimore BioPark Development District.♦

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

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

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

SECTION 7. AND BE IT FURTHER ORDAINED, That:

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

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

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

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

SECTION 8. AND BE IT FURTHER ORDAINED, That:

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

(1) used for any other purposes described in the Acts, including the payment or reimbursement of costs of the Project;

(2) accumulated for payment of debt service on Bonds to be subsequently issued under the Acts;

(3) used to pay or reimburse the City for debt service or other related costs that the City is obligated to pay or has paid (whether as a general or limited obligation of the City) on any Bonds issued by the City, the proceeds of which have been used for any of the purposes specified in the Acts; or

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

(b) In the case of Sections 8(a)(2) and (a)(3) above, the use must be approved by appropriate action of the Mayor and City Council, and in the case of Sections 8(a)(1) and (a)(4), the use must be approved by the appropriate action of the Board of Finance, which action may generally specify the purpose for which the Tax Increment Fund may be used and the maximum amount that may be applied for that purpose, without specifying the actual amounts to be applied.

SECTION 9. AND BE IT FURTHER ORDAINED, That:

(a) If any Bonds are outstanding with respect to the Development District, money in the Tax Increment Fund may be used in any fiscal year as provided in Section 8 of this Ordinance and in any indenture authorizing the issuance of such Bonds, but only to the extent that:

(1) the amount in the Tax Increment Fund exceeds the debt service payable on the Bonds and the amounts necessary to replenish any reserves and to pay any City Expenses, and administrative costs in that fiscal year, and is not otherwise restricted so as to prohibit its use; and

(2) the use is not prohibited by any ordinance authorizing the issuance of the Bonds and the pledge of amounts on deposit in the Tax Increment Fund.

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

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

SECTION 11. AND BE IT FURTHER ORDAINED, That any approvals, authorizations, or activities provided in this Ordinance do not constitute and may not be deemed to constitute or imply that the City Council, the Mayor, or any department, office or agency of the City has given or will give, any approval, authorization or consent to any action or activity within or required for the development of the Development District, including any land use approval, requirements for the provision of public utilities or services, or any other administrative, judicial, quasi-judicial, or legislative approval, authorization, or consent.

SECTION 12. AND BE IT FURTHER ORDAINED, That this Ordinance may be amended by a subsequent ordinance of the Mayor and City Council of Baltimore, which ordinance may enlarge or reduce the size of the Development District or provide for a future pledge of the Tax Increment Fund

other than as contemplated under this Ordinance. However, no ordinance may be effective to change the size of the Development District if it would result in the exclusion of any part of the RISE Zone (as those boundaries are designated by the Secretary of Commerce of the State of Maryland). Nor may an ordinance be effective to reduce the size of the Development District so long as there are any outstanding Bonds secured by the Tax Increment Fund, unless the ordinance authorizing the issuance of the Bonds permits the City to reduce the area constituting the Development District, the holders of such Bonds or an authorized representative on their behalf consents to the reduction, or the indenture authorizing the issuance of such Bonds permits the reduction.

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

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

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

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

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