



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 RESOLUTION ENTITLED

A RESOLUTION OF THE MAYOR AND CITY COUNCIL concerning **American Recovery and Reinvestment Act of 2009 - Designation of Baltimore City Recovery Zone**

FOR the purpose of designating a "recovery zone" in which the proceeds of Recovery Zone Economic Development Bonds and Recovery Zone Facility Bonds may be invested; making certain findings; and providing for a special effective date.

Recitals

The American Recovery and Reinvestment Act of 2009 ("ARRA") made a number of changes to the tax code that relate to tax-exempt revenue bonds. Taken as a whole, these changes mark the most significant revisions to the municipal bond market since the 1986 Tax Reform Act.

Two of these changes, the creation of two new categories of bonds, provide an immediate opportunity for the City and its businesses. The two new bond categories are (1) taxable tax-credit governmental bonds issued under § 1400U-2 of the Internal Revenue Code as Recovery Zone Economic Development Bonds ("RZEDBs"), and (2) private-activity bonds issued under § 1400U-3 of the Internal Revenue Code as Recovery Zone Facility Bonds ("RZFBs"). The RZEDBs are similar to Build America Bonds in that the issuer can receive a direct pay credit from the Treasury Department equal to 45% of the interest payable (as compared to 35% for the Build America Bonds).

The proceeds of these two new categories of bonds are to be invested in designated "recovery zones". For this purpose, the ARRA defines a "recovery zone" as any area:

1. designated by the issuer as having significant poverty, unemployment, rate of home foreclosures, or general distress,
2. designated by the issuer as economically distressed by reason of the closure or realignment of a military installation under the Defense Base Closure and Realignment Act of 1990, or
3. for which a designation as an empowerment or renewal community is in effect.

Thus, to take advantage of these new opportunities, the City needs to designate a recovery zone. That designation, as shown on the attached map, is based on an overlay of the following designations:

- Baltimore City Empowerment Zones
- Baltimore City Enterprise Zones
- CDBG eligible areas
- Areas with high foreclosure rates

The resultant Baltimore City Recovery Zone thus encompasses large areas of the City that would be eligible for the investment of proceeds derived from the issuance of RZEBDs and RZFBs

SECTION 1. BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE, That the City's Recovery Zone is the area designated on the attached map, entitled "Baltimore City Recovery Zone", dated July 6, 2009.

SECTION 2. AND BE IT FURTHER RESOLVED, That the Mayor and City Council finds and affirms that the designated Baltimore City Recovery Zone is an area that (1) is experiencing significant poverty, unemployment, rate of home foreclosures, or general distress or (2) for which a designation as an empowerment or renewal community is in effect.

SECTION 3. AND BE IT FURTHER RESOLVED, That this Resolution takes effect on the date it is enacted.

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