



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 **State Related Economic Development Projects**

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

BY authority of
Article - Tax - Property
Section 7-501(b)
Annotated Code of Maryland
(2001 Replacement Volume)

Recitals

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

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

Development Projects.

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

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

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

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

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

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

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

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

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

- (1) The PILOT Agreement shall be for a period of not more than 20 years after its effective date.
- (2) During the term of the PILOT, a percentage of the incremental taxes based on the increase in the assessment due to the construction of the State Related Economic Development Project as such assessment may increase from time to time (the "Incremental Taxes"), which percentage shall not be less than 5% and may include the payment of a lump sum on an annual basis as determined by the Board of Estimates.

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

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

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