



City of Baltimore

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

Legislation Text

File #: 16-0669, **Version:** 0

EXPLANATION: CAPITALS indicate matter added to existing law.
[Brackets] indicate matter deleted from existing law.
CITY OF BALTIMORE
COUNCIL BILL 16-
(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:
A BILL ENTITLED

AN ORDINANCE concerning
Port Covington Development District

FOR the purpose of designating a "development district" to be known as the "Port Covington 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, 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, the authorization of a pledge by the City, subject to appropriation, of the tax increment revenues, pursuant to a Contribution Agreement (defined herein), to provide for the payment by the State Issuer (defined herein) of the principal of and interest on the applicable State Obligations (defined herein) issued in connection with the development district and other related costs, the replenishment of any reserve fund established for any bonds or State Obligations, 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)

Recitals

The Tax Increment Financing Act, Article II, Section (62) of the Baltimore City Charter (the ♦Tax Increment Financing Act♦), authorizes the Mayor and City Council of Baltimore (the ♦City♦) to

establish a ♦development district♦ (as defined in the Tax Increment Financing 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 Tax Increment Financing Act) for the development district are deposited for the purpose of providing funds for the development of the development district.

The Tax Increment Financing 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 Tax Increment Financing 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 Tax Increment Financing Act.

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

The City wishes to establish 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 the infrastructure improvements and related costs permitted by the Tax Increment Financing Act, including, without limitation, the costs of the Project (defined herein) and other related infrastructure improvements.

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

(a) ♦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.

(b) (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.

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

(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 Tax Increment Financing Act.

(e) ♦City Expenses♦ shall have the meaning set forth in the Bond Ordinance.

(f) ♦Contribution Agreement♦ means one or more contribution agreements or such other agreements executed by the City and a State Issuer, pursuant to which the City will evidence a pledge, subject to appropriation, of the tax increment revenues to provide for the payment by the State Issuer of the principal of and interest on the applicable State Obligations, the replenishment of any reserve fund for the State Obligations, and the payment of other costs with respect to the State Obligations, including, without limitation, any City Expenses, State Issuer Expenses, and other administrative costs.

(g) ♦Development District♦ means the area in the City designated in Section 3 of this Ordinance as a development district under the Tax Increment Financing Act.

(h) ♦Indenture♦ or ♦Indentures♦ means the indenture or indentures, as applicable, under which any Bonds or State Obligations are issued.

(i) ♦MEDCO♦ means the Maryland Economic Development Corporation.

(j) ♦Original assessable base♦ means the assessable base as of January 1, 2015.

(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♦ shall have the meaning set forth in Schedule I attached hereto and made a part hereof.

(n) ♦State Issuer♦ means MEDCO, the State of Maryland, or any agency, department, or political subdivision thereof.

(o) ♦State Issuer Expenses♦ means administrative costs and other expenses related to the State Obligations of the State Issuer and approved by the Director of Finance to be paid by the City, if required by a Contribution Agreement.

(p) ♦State Obligations♦ means any bonds or bond, notes or note, or other similar instruments or instrument issued by a State Issuer, the proceeds of which have been used to finance a portion of the costs of the Project, as permitted by Section (62)(c) of the Tax Increment Financing Act.

(q) ♦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.

(r) ♦Tax Increment Financing Act♦ means the Tax Increment Financing Act, as codified in Article II, Section (62) of the Baltimore City Charter.

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

(t) ♦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 (a) the establishment of the Development District, (b) the creation of the Tax Increment Fund for the Development District, and (c) 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 Bonds or the pledge by the City of amounts, subject to appropriation, on deposit in the Tax Increment Fund, pursuant to a Contribution Agreement, to provide for the payment by the State Issuer of the principal of and interest on the applicable State Obligations and other related costs, all for the purpose of providing funds for the financing and refinancing of a portion of the costs of the Project, accomplish the purposes of the Tax Increment Financing Act, serve public purposes, including but not limited to the direct and indirect enhancement of the taxable base of the City, the development or redevelopment of environmentally damaged areas, the creation of new employment opportunities, the encouragement of additional economic activities, the undertaking of urban renewal projects, the facilitation of planned improvements to the Development District, and generally promote the health, welfare, and safety of the residents of the State of Maryland and of the City of Baltimore and the furtherance of economic development conducted pursuant to applicable comprehensive plans and land use legislation.

SECTION 3. AND BE IT FURTHER ORDAINED, That the contiguous area consisting of the properties designated as described in Exhibit 2 attached hereto and made a part hereof (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, shown on the map in Exhibit 1 attached hereto and made a part hereof is designated as a development district to be known as the ♦Port Covington Development District.♦

SECTION 4. AND BE IT FURTHER ORDAINED, That a special fund is established for the Development District to be known as the ♦Port Covington Development District 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:

(a) For each tax year that begins after the effective date of this Ordinance, 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, the Bond Ordinance, the Tax Increment Financing Act, and any applicable Indenture or Contribution Agreement.

(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 were not designated and the Tax Increment Fund not created.

SECTION 6. AND BE IT FURTHER ORDAINED, That:

(a) If no Bonds or State Obligations 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 Tax Increment Financing Act, including the payment or reimbursement of costs of the Project;

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

(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) with respect to any Bonds issued by the City or to provide for the payment of amounts payable under a Contribution Agreement to the State Issuer to provide for the principal of and interest on, and other related costs of, any State Obligations, the proceeds of which have been used for any of the purposes specified in the Tax Increment Financing Act; or

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

(b) In the case of Sections 6(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 6(a)(1) and (a)(4) above, 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 7. AND BE IT FURTHER ORDAINED, That:

(a) If any Bonds or State Obligations 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 6 of this Ordinance and in any Indenture authorizing the issuance of such Bonds or State Obligations, but only

to the extent that:

(1) the amount in the Tax Increment Fund exceeds the debt service payable on such Bonds, the amounts payable under any Contribution Agreement and the amounts necessary to replenish any reserves and to pay any City Expenses, State Issuer Expenses (if required by a Contribution Agreement), 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 the ordinance authorizing the issuance of the Bonds or State Obligations or the pledge of amounts on deposit in the Tax Increment Fund to the payment of principal of and interest on the Bonds or to the payment of obligations under a Contribution Agreement to provide for the payment by a State Issuer of the principal of and interest on the State Obligations.

(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 8. 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 9. 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, consent, or any necessary amendments to underlying zoning laws and maps, urban renewal plans, Planned Unit Developments or Master Plans.

SECTION 10. 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. However, no ordinance may be effective to reduce the size of the Development District so long as there are any outstanding Bonds secured by the Tax Increment Fund or City payment obligations pursuant to a Contribution Agreement to provide for the payment by the State Issuer of the principal of and interest on the applicable State Obligations, respectively, unless the ordinance authorizing the issuance of the Bonds or State Obligations permits the City to reduce the area constituting the Development District, the holders of such Bonds or State Obligations or an authorized representative on their behalf consents to the reduction, or the indenture authorizing such Bonds or State Obligations permits the reduction.

SECTION 11. 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 12. AND BE IT FURTHER ORDAINED, That this Ordinance takes effect when it is enacted.

Exhibit 1

Map of Development District

Exhibit 2

List of Properties

Parcels with Block and Lot numbers:

Parcel ID

Address (if available)

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

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

Parcels without Block and Lot numbers:

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

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

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

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

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

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