

HOUSE BILL 434

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By: **Prince George's County Delegation**

Introduced and read first time: January 23, 2020

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Prince George's County – Payment in Lieu of Taxes Agreements – Multiphase**
3 **Economic Development Projects and Sunset Repeal**

4 **PG 408–20**

5 FOR the purpose of authorizing the owner of an economic development project and the
6 governing body of Prince George's County to enter into multiple payment in lieu of
7 taxes agreements for different phases of an economic development project; providing
8 that the term of an agreement may not exceed a certain number of years from the
9 date a certificate of occupancy is first issued for any phase of a project that is covered
10 by an agreement; providing that construction of any phase of a project that is covered
11 by an agreement must commence within a certain period of time after entering into
12 the agreement; providing that all conditions for the financing required for the
13 construction of a phase of a project must be satisfied or waived within a certain
14 period of time after entering into the agreement; repealing the termination provision
15 for certain provisions of law authorizing Prince George's County to enter into
16 payment in lieu of taxes agreements for certain economic development projects; and
17 generally relating to payment in lieu of taxes agreements in Prince George's County.

18 BY repealing and reenacting, with amendments,
19 Article – Tax – Property
20 Section 7–516
21 Annotated Code of Maryland
22 (2019 Replacement Volume)

23 BY repealing and reenacting, with amendments,
24 Chapter 402 of the Acts of the General Assembly of 2012, as amended by Chapter
25 147 of the Acts of the General Assembly of 2017
26 Section 3

27
28 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



That the Laws of Maryland read as follows:

Article – Tax – Property

7–516.

(a) (1) In this section the following words have the meanings indicated.

(2) “Designated focus area” means:

(i) a transit-oriented development, defined as a development or project within one-half mile of a Washington Metropolitan Area Transit Authority transit station or one-half mile of a Maryland Area Regional Commuter transit station, as measured from the main entrance of the building to the nearest entrance of the transit station;

(ii) a revitalization tax credit district, as defined in § 10–235.02 of the Prince George’s County Code and designated by the governing body of Prince George’s County; or

(iii) an urban renewal area, as designated by the governing body of Prince George’s County.

(3) “Economic development project” means a real estate development project that consists of newly constructed or rehabilitated commercial property if the real estate development project:

(i) has a certificate of occupancy issued on or after October 1, 2012;

(ii) is located on one or more parcels of land, all of which are situated in a designated focus area; and

(iii) includes at least one of the following:

1. a hotel that:

A. provides at least 100 full-time equivalent job opportunities; and

B. has a private capital investment of equity and debt combined of at least \$20,000,000;

2. an office building that:

A. provides at least 100 full-time equivalent job opportunities; and

1 B. has a private capital investment of equity and debt
2 combined of at least \$20,000,000;

3 3. a retail facility that:

4 A. provides at least 100 full-time equivalent job
5 opportunities; and

6 B. has a private capital investment of equity and debt
7 combined of at least \$10,000,000;

8 4. an off-street parking facility that:

9 A. contains at least 250 parking spaces; and

10 B. has a private capital investment of equity and debt
11 combined of at least \$2,500,000; or

12 5. a mixed-use facility that contains one or more of the
13 facilities described in items 1 through 4 of this item, at least one of which satisfies the
14 minimum criteria set forth in item 1, 2, 3, or 4 of this item.

15 (b) The governing body of Prince George's County, by resolution, may exempt or
16 partially exempt an economic development project from the county real property tax if:

17 (1) the owner or owners of the economic development project demonstrate
18 to the satisfaction of the County Executive and County Council of Prince George's County:

19 (i) that the county or its designated agency has conducted an
20 economic analysis of the project, including:

21 1. a detailed description of the project and the development
22 budget, including the identification of all sources of debt and equity financing;

23 2. a multiyear cash flow pro forma of the project detailing all
24 incoming and outgoing cash flow revenues, operating expenses, debt service, taxes, capital
25 expenditures, and any other cash outlays;

26 3. the projected return on investment for the owner or
27 owners;

28 4. a determination that the project is an economic
29 development project that meets the requirements of this section; and

30 5. any other relevant analysis;

31 (ii) the public benefit that the project will provide, including:

1 1. the number of jobs expected to be created, directly or
2 indirectly, as a result of the project and the percentage of those jobs expected to be held by
3 Prince George's County residents;

4 2. the wage rates and benefit packages for the jobs expected
5 to be created;

6 3. other Prince George's County tax revenues, exclusive of
7 real property taxes, that the project is expected to generate during the term of the payment
8 in lieu of taxes agreement, including income, admissions and amusement, personal
9 property, hotel, parking, energy, and other taxes;

10 4. the encouragement of economic development;

11 5. the general promotion and improvement of Prince
12 George's County and its facilities;

13 6. the participation of local minority business enterprises
14 and local business enterprises in the economic development project; and

15 7. any other relevant benefits;

16 (iii) the financial necessity for an exemption authorized under this
17 section; and

18 (iv) that the private capital being invested in the economic
19 development project includes an equity investment that is:

20 1. commensurate with the overall undertaking; and

21 2. A. for a hotel or an office building, an amount greater
22 than or equal to 10% of the combined equity and debt investment; or

23 B. for an off-street parking facility, an amount greater than
24 or equal to \$250,000;

25 (2) the owner or owners of the economic development project and the
26 governing body of Prince George's County enter into a payment in lieu of taxes agreement
27 **OR MULTIPLE PAYMENT IN LIEU OF TAXES AGREEMENTS FOR DIFFERENT PHASES**
28 **OF THE ECONOMIC DEVELOPMENT PROJECT** that [specifies] **SPECIFY:**

29 (i) an amount that the owner or owners shall pay to the county each
30 year in lieu of the payment of county real property taxes during the term of the agreement
31 that is not less than the sum of:

32 1. the taxes on the property before the construction or

1 rehabilitation of the project; and

2 2. 25% of the county real property taxes related to the
3 economic development project that would have otherwise been due absent the agreement;

4 (ii) the term of the agreement, not to exceed 15 years from the date
5 a certificate of occupancy **IS FIRST ISSUED** for the project [is issued] **OR THE DATE A**
6 **CERTIFICATE OF OCCUPANCY IS FIRST ISSUED FOR ANY PHASE OF THE PROJECT**
7 **THAT IS COVERED BY THE AGREEMENT**; and

8 (iii) that each year after the expiration of the agreement, full
9 property taxes shall be payable on the property;

10 (3) prior to or no later than 18 months from the date of entering into the
11 payment in lieu of taxes agreement, construction of the project **OR ANY PHASE OF THE**
12 **PROJECT THAT IS COVERED BY THE AGREEMENT** has commenced and all conditions for
13 the financing required for the construction of the project **OR PHASE OF THE PROJECT**
14 **THAT IS COVERED BY THE AGREEMENT** have been satisfied or waived; and

15 (4) the authorizing resolution states that the project may not involve
16 gambling activities.

17 (c) On or before January 1 of each year, the Prince George's County Executive or
18 the County Executive's designated agency shall submit a report to the Prince George's
19 County Council and to the Prince George's County House and Senate Delegations of the
20 General Assembly of Maryland that contains:

21 (1) a description of each project for which the county entered into a
22 payment in lieu of taxes agreement under this section during the prior fiscal year, including
23 a statement of:

24 (i) the basis on which each project met the requirements for the
25 definition of an economic development project set forth in subsection (a) of this section; and

26 (ii) the analysis of the project described in subsection (b)(1) of this
27 section; and

28 (2) for those projects that have a payment in lieu of taxes agreement and
29 for which construction or rehabilitation has been completed:

30 (i) the number and types of jobs created during the preceding fiscal
31 year and estimated to be created during the following fiscal year;

32 (ii) the total taxes that the project is estimated to have generated
33 directly and indirectly for the county during the preceding fiscal year and estimated to be
34 generated during the following fiscal year; and

(iii) any other economic benefits of the project.

Chapter 402 of the Acts of 2012, as amended by Chapter 147 of the Acts of 2017

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2012. [It shall remain effective for a period of 9 years and, at the end of June 30, 2021, with no further action required by the General Assembly, this Act shall be abrogated and of no further force and effect.]

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2020.