

# 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

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 10, 2020

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## CHAPTER \_\_\_\_\_

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; requiring that a certain report be  
15 submitted to the Prince George's County House and Senate Delegations of the  
16 General Assembly in accordance with certain provisions of law; repealing the  
17 termination provision for certain provisions of law authorizing Prince George's  
18 County to enter into payment in lieu of taxes agreements for certain economic  
19 development projects; and generally relating to payment in lieu of taxes agreements  
20 in Prince George's County.

21 BY repealing and reenacting, with amendments,  
22 Article – Tax – Property  
23 Section 7–516

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



Annotated Code of Maryland  
(2019 Replacement Volume)

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

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

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

3 2. an office building 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 \$20,000,000;

8 3. a retail facility that:

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

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

13 4. an off-street parking facility that:

14 A. contains at least 250 parking spaces; and

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

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

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

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

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

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

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

1                               3.     the projected return on investment for the owner or  
2 owners;

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

5                               5.     any other relevant analysis;

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

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

10                              2.     the wage rates and benefit packages for the jobs expected  
11 to be created;

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

16                              4.     the encouragement of economic development;

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

19                              6.     the participation of local minority business enterprises  
20 and local business enterprises in the economic development project; and

21                              7.     any other relevant benefits;

22                              (iii)   the financial necessity for an exemption authorized under this  
23 section; and

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

26                              1.     commensurate with the overall undertaking; and

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

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

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

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

1. the taxes on the property before the construction or rehabilitation of the project; and

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

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

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

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

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

(c) On or before January 1 of each year, the Prince George's County Executive or the County Executive's designated agency shall submit a report to the Prince George's County Council and, **IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE,** to the Prince George's County House and Senate Delegations of the General Assembly of Maryland that contains:

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

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

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

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

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

(ii) the total taxes that the project is estimated to have generated directly and indirectly for the county during the preceding fiscal year and estimated to be 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.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.