

## Article - Political Subdivisions - Miscellaneous Provisions

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§9–1301.

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

(2) (i) “Bond” means a special obligation bond, revenue bond, note, or other similar instrument issued by the county in accordance with this section.

(ii) “Bond” includes a special obligation bond, revenue bond, note, or similar instrument issued by the revenue authority of Prince George’s County.

(3) “Cost” includes the cost of:

(i) Construction, reconstruction, and renovation, and acquisition of all lands, structures, real or personal property, rights, rights-of-way, franchises, easements, and interests acquired or to be acquired by the Maryland Economic Development Corporation, or the State, any unit or department or political subdivision of the State, or any other governmental unit having jurisdiction of the infrastructure improvement;

(ii) All machinery and equipment including machinery and equipment needed to expand or enhance county services to the special taxing district;

(iii) Financing charges and interest prior to and during construction, and, if deemed advisable by the county, for a limited period after completion of the construction, interest and reserves for principal and interest, including costs of municipal bond insurance and any other type of financial guaranty and costs of issuance;

(iv) Extensions, enlargements, additions, and improvements;

(v) Architectural, engineering, financial, and legal services;

(vi) Plans, specifications, studies, surveys, and estimates of cost and of revenues;

(vii) Administrative expenses necessary or incident to determining to proceed with the infrastructure improvements; and

(viii) Other expenses as may be necessary or incident to the construction, acquisition, and financing of the infrastructure improvements.

(4) In Prince George’s County, “cost” includes the cost of renovation, rehabilitation, and repair of existing buildings, internal and external structural systems, elevators, facades, mechanical systems and components, and security systems.

(5) “MEDCO obligation” means any bond, note, or other similar instrument that the Maryland Economic Development Corporation issues under authority other than this section to finance the purposes specified in subsection (c)(2) or (e)(3) of this section only with respect to infrastructure improvements located in or supporting a transit-oriented development or a State hospital redevelopment.

(6) “State hospital redevelopment” means any combination of private or public commercial, residential, or recreational uses, improvements, and facilities that:

(i) Is part of a comprehensive coordinated development plan or strategy involving:

1. Property that was occupied formerly by a State facility, as defined in § 10–101 of the Health – General Article, or a State residential center, as defined in § 7–101 of the Health – General Article; or

2. Property that is adjacent or reasonably proximate to property that was occupied formerly by a State facility, as defined in § 10–101 of the Health – General Article, or a State residential center, as defined in § 7–101 of the Health – General Article;

(ii) In accordance with design development principles, maximizes use of the property by those constituencies it is intended to serve; and

(iii) Is designated as a State hospital redevelopment by:

1. The Smart Growth Subcabinet established under § 9–1406 of the State Government Article; and

2. The local government or multicounty agency with land use and planning responsibility for the relevant area.

(7) “Transit-oriented development” has the meaning stated in § 7–101 of the Transportation Article.

(b) This section applies only to Anne Arundel County, Baltimore County, Calvert County, Cecil County, Charles County, Garrett County, Harford County, Howard County, Prince George’s County, St. Mary’s County, Washington County, and Wicomico County.

(c) (1) Subject to the provisions of this section, and for the purpose stated in paragraph (2) of this subsection, the county may:

(i) Create a special taxing district;

(ii) Levy ad valorem or special taxes; and

(iii) Issue bonds and other obligations.

(2) (i) The purpose of the authority granted under paragraph (1) of this subsection is to provide financing, refinancing, or reimbursement for the cost of the design, construction, establishment, extension, alteration, or acquisition of adequate storm drainage systems, sewers, water systems, roads, bridges, culverts, tunnels, streets, sidewalks, lighting, parking, parks and recreation facilities, libraries, schools, transit facilities, solid waste facilities, and other infrastructure improvements as necessary, whether situated within the special taxing district or outside the special taxing district if the infrastructure improvement is reasonably related to other infrastructure improvements within the special taxing district, for the development and utilization of the land, each with respect to any defined geographic region within the county.

(ii) The authority granted under paragraph (1)(i) and (ii) of this subsection also makes available a source of funding for payment of costs of:

1. Infrastructure improvements located in or supporting a transit-oriented development or a State hospital redevelopment; and

2. Operation and maintenance of infrastructure improvements located in or supporting a transit-oriented development or a State hospital redevelopment.

(3) A law enacted by Anne Arundel County under the authority of this section:

(i) Shall specify the types of infrastructure and related costs that may be financed;

(ii) Shall require:

1. Reasonable disclosure in the real estate contract to buyers of real property within a special taxing district of any special assessment, special tax, or other fee or charge for which the buyer would be liable due to the special taxing district;

2. That a seller's failure to provide the disclosure required under subitem 1 of this item renders the contract voidable at the option of the buyer before the date of settlement; and

3. That adequate debt service reserve funds be maintained;

(iii) May not allow:

1. Acceleration of assessments or taxes by reason of bond default; or

2. An increase in the maximum special assessments, special taxes, or other fees or charges applicable to any individual property in the event that

other property owners become delinquent in the payment of a special assessment, special tax, or other fee or charge securing special obligation debt issued under this section; and

(iv) May provide:

1. For exemptions, deferrals, and credits; and
2. That a lien attaches to property within a special taxing district to the extent of that property owner's obligation under any special taxing district financing.

(4) (i) Charles County may exercise the authority granted under this section only in commercial or light industrial zones.

(ii) Charles County may exercise the authority granted under this section to:

1. Impose hotel rental taxes; and
2. Provide financing, refinancing, or reimbursement of costs for the purposes under paragraph (2) of this subsection relating to the development of resort hotels and conference centers within a waterfront planned community.

(iii) Charles County may not impose a hotel rental tax under this paragraph outside a special taxing district established under this section.

(iv) 1. The hotel rental tax authorized under this paragraph is in addition to the hotel rental tax authorized under Subtitle 3 of this title.

2. The rate of the hotel rental tax authorized under this paragraph may not exceed the rate of the hotel rental tax imposed under Subtitle 3 of this title in effect on the date the governing body of Charles County creates a special taxing district under this section.

(v) The proceeds from the hotel rental tax authorized under this paragraph may be used only for the purposes authorized under this section.

(5) Prince George's County may exercise the authority granted in this subsection to:

- (i) Levy hotel rental taxes; and
- (ii) Provide financing, refinancing, or reimbursement for the costs of:
  1. Convention centers, conference centers, and visitors' centers;
  2. Maintenance of infrastructure improvements, convention

centers, conference centers, and visitors' centers;

3. Marketing the special taxing district facilities and other improvements; and

4. Renovation, rehabilitation, and repair of existing buildings, building systems, and components for existing residential condominiums designated as workforce housing as defined in § 4-1801 of the Housing and Community Development Article.

(6) (i) This paragraph applies only to Harford County.

(ii) 1. Except as provided in subparagraph 2 of this subparagraph, the county may exercise the authority granted under this section only in designated growth areas as defined in the county Master Plan and Land Use Element Plan.

2. The county may not exercise the authority granted under this section in any of the county's rural villages.

(iii) A law creating a special taxing district shall be enacted by a bill adopted by the county governing body.

(iv) At the public hearing on a bill creating a special taxing district, the county governing body may consider, among other things, the following elements of a proposed development that would receive the proceeds of a proposed bond under this section:

1. Development design standards;

2. The use of transfer of development rights or other methods of achieving density of development;

3. Design and usage of open space; and

4. Availability and design of recreational and educational facilities.

(v) A law enacted by the county creating a special taxing district shall require that adequate debt service reserve funds be maintained.

(vi) Notwithstanding subsection (d) of this section, before the county may establish a special taxing district, all of the owners of real property within the proposed special taxing district must petition the county for the creation of the special taxing district.

(7) (i) This paragraph applies only to Cecil County.

(ii) The county may exercise the authority granted under this section only in designated growth areas as defined in the county comprehensive plan.

(iii) The county shall hold at least one public hearing on a bill creating a special taxing district.

(iv) At a public hearing on a bill creating a special taxing district, the county governing body may consider the following elements of a proposed development that would receive the proceeds of a proposed bond under this section:

1. Development design standards;
2. The use of transfer of development rights or other methods of increasing the density of development;
3. Design and usage of open space; and
4. Availability and design of recreational and educational facilities.

(v) A law enacted by the county under the authority of this section shall require that adequate debt service reserve funds be maintained.

(vi) Notwithstanding subsection (d) of this section, before the county may establish a special taxing district, all of the owners of real property within the proposed special taxing district must petition the county for the creation of the special taxing district.

(d) (1) In addition to other powers the county may have, and notwithstanding the provisions of any other public local law, public general law, or the county charter of a county that has adopted home rule powers under Article XI–A of the Maryland Constitution, the county may borrow money by issuing and selling bonds for the purpose stated in subsection (c)(2) of this section if a request to the county is made by both:

(i) The owners of at least two–thirds of the assessed valuation of the real property located within the special taxing district; and

(ii) At least two–thirds of the owners of the real property located within the special taxing district, provided that:

1. Multiple owners of a single parcel are treated as a single owner; and
2. A single owner of multiple parcels is treated as one owner.

(2) This section is self–executing and does not require the county to enact legislation or, if applicable, to amend its charter to exercise the powers granted under this section.

(e) (1) Bonds shall be payable from the special fund required under subsection (f) of this section.

(2) If the governing body of the county issues bonds under this section, the governing body may also:

(i) Establish sinking funds;

(ii) Establish debt service reserve funds;

(iii) Pledge other assets and revenues towards the payments of the principal and interest; or

(iv) Provide for municipal bond insurance or any other type of financial guaranty of the bonds.

(3) All proceeds received from any bonds issued and sold shall be applied solely to pay the cost of infrastructure improvements, including:

(i) Costs of design, construction, establishment, extension, alteration, or acquisition of infrastructure improvements;

(ii) Costs of issuing bonds;

(iii) Payment of the principal and interest on loans, money advances, or indebtedness incurred by the county for any of the purposes stated in subsection (c)(2) of this section, including the refunding of bonds previously issued under this section; and

(iv) Funding of a debt service reserve fund or payment of interest prior to, during, or for a limited period of time after construction.

(f) (1) (i) The governing body of the county may:

1. Designate by resolution an area or areas as a special taxing district;

2. Subject to paragraph (2) of this subsection, adopt a resolution creating a special fund with respect to the special taxing district; and

3. Provide for the levy of an ad valorem or special tax on all real and personal property within the special taxing district at a rate or amount designed to provide adequate revenues to pay the principal of, interest on, and redemption premium, if any, on the bonds, to replenish any debt service reserve fund, and for any other purpose related to the ongoing expenses of or security for the bonds, and, as the governing body of the county determines, to:

A. Pay costs of infrastructure improvements located in or

supporting a transit-oriented development or a State hospital redevelopment;

B. Pay costs of operation and maintenance of infrastructure improvements located in or supporting a transit-oriented development or a State hospital redevelopment; or

C. Secure payment by the county of its obligations under an agreement described in subsection (g)(3) of this section.

(ii) Ad valorem taxes shall be levied in the same manner, upon the same assessments, for the same period or periods, and as of the same date or dates of finality as are now or may hereafter be prescribed for general ad valorem tax purposes within the district.

(iii) Special taxes shall be levied pursuant to subsection (o) of this section.

(2) The resolution creating a special fund under paragraph (1)(i)2 of this subsection shall:

(i) Pledge to the special fund the proceeds of the ad valorem or special tax to be levied as provided under paragraph (1)(i)3 of this subsection; and

(ii) Require that the proceeds from the tax be paid into the special fund.

(3) In Charles County, the taxes provided under this subsection for payment of the bonds and pledged to the special fund may include the hotel rental tax authorized under subsection (c)(4) of this section.

(g) (1) Except as provided in paragraph (2) of this subsection, when no bonds authorized by this section and no MEDCO obligations described in paragraph (3) of this subsection are outstanding with respect to a special taxing district and the governing body of the county determines not to use moneys in the special fund for payment of costs of infrastructure improvements located in or supporting a transit-oriented development or a State hospital redevelopment, or the payment of costs of operation and maintenance of infrastructure improvements located in or supporting a transit-oriented development or a State hospital redevelopment:

(i) The special taxing district shall be terminated; and

(ii) Any moneys remaining in the special fund on the date of termination of the special taxing district shall be paid to the general fund of the county.

(2) When no bonds authorized by this section are outstanding with respect to a special taxing district and the governing body of the county so determines, moneys in the special fund may be:

(i) Used for any of the purposes described in this section;

(ii) Accumulated for payment of debt service on bonds subsequently issued under this section;

(iii) Used to pay or reimburse the county for debt service that the county is obligated to pay or has paid, either as a general or limited obligation on MEDCO obligations or any bond, note, or other similar instrument issued by the State, by any unit, department, or political subdivision of the State, or by the Revenue Authority of Prince George's County, the proceeds of which have been used for any of the purposes specified in this section; or

(iv) Paid to the county to provide funds to be used for any legal purpose as the governing body of the county may determine.

(3) (i) A county that has created a special fund for a special taxing district may pledge, under an agreement, that amounts deposited to the special fund shall, as the governing body of the county may determine, be paid over to:

1. Secure payment on MEDCO obligations;

2. Provide for the payment of costs of infrastructure improvements located in or supporting a transit-oriented development or a State hospital redevelopment; and

3. Provide for the payment of costs of operation and maintenance of infrastructure improvements located in or supporting a transit-oriented development or a State hospital redevelopment.

(ii) The agreement shall:

1. Be authorized by ordinance or resolution of the county;

2. Be in writing;

3. Be executed on behalf of the county making the pledge, the Maryland Economic Development Corporation, and the other persons or entities that the governing body of the county determines; and

4. Run to the benefit of and be enforceable on behalf of the holders of any MEDCO obligations secured by the agreement.

(h) (1) In order to implement the authority conferred upon it by this section to issue bonds, the governing body of the county shall adopt an ordinance or resolution that:

(i) Specifies and describes the proposed undertaking and states that it has complied with subsection (f) of this section;

- (ii) Specifies the maximum principal amount of bonds to be issued;
- (iii) Specifies the maximum rate or rates of interest for the bonds; and
- (iv) Agrees to a covenant to levy upon all real and personal property within the special taxing district ad valorem taxes or special taxes in rate and amount at least sufficient in each year in which any of the bonds are outstanding to provide for the payment of the principal of and the interest on the bonds.

(2) The ordinance or resolution may specify or may authorize its finance board or other appropriate financial officer, by resolution or ordinance, or its chief executive officer, by executive order, to specify any of the following as it deems appropriate to effect the financing of the proposed undertaking:

- (i) The actual principal amount of the bonds to be issued;
- (ii) The actual rate or rates of interest for the bonds;
- (iii) The manner in which and the terms upon which the bonds are to be sold;
- (iv) The manner in which and the times and places that the interest on the bonds is to be paid;
- (v) The time or times that the bonds may be executed, issued, and delivered;
- (vi) The form and tenor of the bonds and the denominations in which the bonds may be issued;
- (vii) The manner in which and the times and places that the principal of the bonds is to be paid, within the limitations set forth in this section;
- (viii) Provisions pursuant to which any or all of the bonds may be called for redemption prior to their stated maturity dates; or
- (ix) Any other provisions not inconsistent with this section as shall be determined by the governing body of the county to be necessary or desirable to effect the financing of the proposed undertaking.

(3) (i) Except as may be required by the Maryland Constitution, an ordinance or resolution authorizing the bonds required under this subsection, an ordinance, resolution, or executive order passed or adopted in furtherance of the required ordinance or resolution, the bonds, the designation of a special taxing district, or the levy of a special ad valorem tax or special tax may not be subject to any referendum by reason of any other State or local law.

- (ii) The ordinance or resolution authorizing the bonds required

under this subsection, any ordinance, resolution, or executive order passed or adopted in furtherance of the required ordinance or resolution, the bonds, the designation of a special taxing district, or the levy of a special ad valorem tax or special tax shall be subject to the request of the landowners as specified under subsection (d)(1) of this section.

(4) The special fund and any sinking fund established by the county to provide for the payment of the principal of or interest on any bonds issued by the county under the provisions of this section may not be invested by the fiscal officer of the county having custody of the special fund and any sinking fund except in the manner prescribed by Article 31, §§ 6 and 7 of the Code. Any such fiscal officer having custody of the proceeds of sale of any such bonds may invest the proceeds, pending the expenditure thereof, as prescribed under the provisions of Article 95, § 22 of the Code.

(i) The principal amount of the bonds, the interest payable on the bonds, their transfer, and any income derived from the transfer, including any profit made in the sale or transfer of the bonds, shall be exempt from taxation by the State and by the counties and municipal corporations of the State but shall be included, to the extent required under Title 8, Subtitle 2 of the Tax – General Article, in computing the net earnings of financial institutions.

(j) (1) All bonds may be in bearer form or in coupon form or may be registrable as to principal alone or as to both principal and interest. Each of the bonds shall be deemed to be a security as defined in § 8–102 of the Commercial Law Article, whether or not it is either one of a class or series or by its terms is divisible into a class or series of instruments.

(2) All bonds shall be signed manually or in facsimile by the chief executive officer of the county, and the seal of the county shall be affixed to the bonds and attested by the clerk or other similar administrative officer of the county. If any officer whose signature or countersignature appears on the coupons ceases to be such officer before delivery of the bonds, the officer's signature or countersignature shall nevertheless be valid and sufficient for all purposes the same as if the officer had remained in office until delivery.

(3) All bonds shall mature not later than 30 years from their date of issuance.

(4) All bonds shall be sold in the manner, either at public or private sale, and upon the terms as the governing body of the county deems best. Any contract for the acquisition of property may provide that payment shall be made in bonds. Bonds issued under this section are not subject to Article 31, §§ 9, 10, and 11 of the Code.

(k) Bonds issued under this section are securities:

(1) In which all public officers and public bodies of the State and its political subdivisions, all insurance companies, State banks and trust companies,

national banking associations, savings banks, savings and loan associations, investment companies, executors, administrators, trustees and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them; and

(2) Which may properly and legally be deposited with and received by any State or county officer or any agency or political subdivision of the State for any purpose for which the deposit of bonds or obligations of the State is now or may hereafter be authorized by law.

(l) The powers granted under this section shall be regarded as supplemental and additional to powers conferred by other laws, and may not be regarded as in derogation of any powers now existing, including powers provided in Article 25, Article 25A, or Article 25B of the Code.

(m) This section, being necessary for the welfare of the State and its residents, shall be liberally construed to effect the purpose stated in subsection (c)(2) of this section.

(n) Unless otherwise provided in the charter, if any, bylaws, or code of the county, before adopting an ordinance or resolution that designates a special taxing district, authorizes the issuance of bonds, or levies ad valorem taxes or special taxes under the provisions of this section may be finally enacted, the county governing body shall hold a public hearing after giving not less than 10-days' notice in a newspaper of general circulation in the county.

(o) (1) (i) As an alternative to levying ad valorem taxes under this section, the governing body of the county may levy special taxes on property in a special taxing district to cover the cost of infrastructure improvements.

(ii) In addition to levying ad valorem taxes or special taxes under this section, Charles County may impose a hotel rental tax in a special taxing district to provide financing, refinancing, or reimbursement of costs for the purposes under subsection (c)(2) of this section relating to the development of resort hotels and conference centers within a waterfront planned community.

(2) In determining the basis for and amount of a tax imposed under paragraph (1)(i) of this subsection, the cost of an improvement may be calculated and levied:

(i) Equally per front foot, lot, parcel, dwelling unit, or square foot;

(ii) According to the value of the property as determined by the governing body, with or without regard to improvements on the property; or

(iii) In any other reasonable manner that results in fairly allocating the cost of the infrastructure improvements.

(3) The governing body of the county may provide by ordinance or resolution for:

(i) A maximum amount to be assessed with respect to any parcel of property located within a special taxing district;

(ii) A tax year or other date after which no further special taxes under this section shall be levied or collected on a parcel; and

(iii) The circumstances under which the special tax levied against any parcel may be increased, if at all, as a consequence of delinquency or default by the owner of that parcel or any other parcel within the special taxing district.

(4) The governing body by ordinance or resolution may establish procedures allowing for the prepayment of special taxes under this section.

(5) Special taxes levied under this subsection shall be collected and secured in the same manner as general ad valorem taxes unless otherwise provided in the ordinance or resolution and shall be subject to the same penalties and the same procedure, sale, and lien priority in case of delinquency as is provided for general ad valorem taxes.

(p) (1) Before the county may designate an area wholly or partly within a municipal corporation as a special taxing district, the governing body of the municipal corporation must give its consent to the designation.

(2) Before the county may designate an area wholly or partly within another county specified in subsection (b) of this section, the governing body of the other county must give its consent to the designation.

(q) Bonds issued under this section are a special obligation of the county and may not constitute a general obligation debt of the county or a pledge of the county's full faith and credit or taxing power.

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