

COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND

2004 Legislative Session

Resolution No. CR-26-2004

Proposed by The Chairman (by request – County Executive)

Introduced by Council Members Knotts, Hendershot, Harrington, Dean, Exum and Peters

Co-Sponsors _____

Date of Introduction May 27, 2004

RESOLUTION

1 A RESOLUTION concerning

2 National Harbor Convention Center Development District and National Harbor Convention

3 Center Special Taxing District

4 For the purpose of designating a contiguous area within Prince George's County, Maryland (the
5 "County") as a "development district" as that term is used in Sections 14-201 through 14-214,
6 inclusive of Article 41 of the Annotated Code of Maryland, as amended (2003 Replacement
7 Volume) (the "Tax Increment Act"), as well as for the purpose of designating a contiguous area
8 within the County that would be coincident with the development district as a "special taxing
9 district" as that term is used in Section 10-269 of the Prince George's County Code, as amended
10 (1999 Edition, 2002 Supplement) and as that term is used in Article 24, Section 9-1301 of the
11 Annotated Code of Maryland, as amended (2001 Replacement Volume and 2003 Supplement)
12 (collectively, the "Special Taxing District Act") such development district and special taxing
13 district to be located in an unincorporated area within the County known as Oxon Hill, Maryland
14 on the shores of the Potomac River and to be known as the "National Harbor Convention Center
15 Development District" and the "National Harbor Convention Center Special Taxing District",
16 respectively; providing for, and determining, various matters in connection with the
17 establishment of a development district and a special taxing district, creating a tax increment
18 fund with respect to the development district and a special fund with respect to the special taxing
19 district, allocating certain property taxes and certain hotel occupancy taxes with respect to the
20 development district to be paid over to the tax increment fund as provided in the Tax Increment
21 Act; providing for the levy of a special tax in the form of a special hotel rental tax and the
22 allocation of such special tax with respect to the special taxing district to be paid over to the

1 special fund as provided in the Special Taxing District Act; making certain findings and
 2 determinations with respect to the tax increment fund and the special fund and the respective
 3 uses of such funds; providing that special obligation bonds may be issued pursuant to an
 4 ordinance enacted in accordance with the Tax Increment Act and the Special Taxing District Act
 5 and secured by the tax increment fund and the special fund; and generally relating to the National
 6 Harbor Convention Center Development District and National Harbor Convention Center
 7 Special Taxing District.

8 WHEREAS, the Tax Increment Financing Act, Sections 14-201 through 14-214, inclusive,
 9 of Article 41 of the Annotated Code of Maryland, as amended (2003 Replacement Volume) (the
 10 “Tax Increment Act”) constitutes those provisions of Maryland law authorizing Prince George’s
 11 County, Maryland (the “County”) to establish a “development district” (as that term is used in
 12 the Tax Increment Act) and a tax increment fund into which the Tax Increment and the Hotel
 13 Tax (both hereinafter defined) for the Development District (hereinafter defined) are deposited;
 14 and

15 WHEREAS, Section 10-269 of the Prince George’s County Code, as amended
 16 (1999 Edition, 2002 Supplement) and Article 24, Section 9-1301 of the Annotated Code of
 17 Maryland, as amended (2001 Replacement Volume and 2003 Supplement) (collectively, the
 18 “Special Taxing District Act”) constitute those provisions of Maryland law authorizing the
 19 County to establish a “special taxing district” (as that term is used under the Special Taxing
 20 District Act) and a special fund into which the Special Hotel Rental Tax (hereinafter defined) for
 21 the Special Taxing District (hereinafter defined) is deposited; and

22 WHEREAS, the owners of at least two-thirds of the assessed valuation of the real property
 23 located within the proposed National Harbor Convention Center Special Taxing District and at
 24 least two-thirds of the owners of the real property located within the proposed National Harbor
 25 Convention Center Special Taxing District have petitioned the County to designate and create
 26 the National Harbor Convention Center Special Taxing District within a certain unincorporated
 27 area of the County as more specifically provided within such petition; and

28 WHEREAS, the development in the proposed National Harbor Convention Center Special
 29 Taxing District and the proposed National Harbor Convention Center Development District is
 30 expected to consist of the construction of a convention center and hotel; and

31 WHEREAS, such development will further economic development within the County and

1 thus satisfy the public purpose requirements contemplated by the Tax Increment Act and the
2 Special Taxing District Act; and

3 WHEREAS, there is proposed to be levied and imposed a Special Hotel Rental Tax on
4 hotels located within the proposed National Harbor Convention Center Special Taxing District as
5 provided for herein, for the purposes, to the extent and in the manner herein provided; and

6 WHEREAS, the County has agreed to pledge its receipts from the Hotel Tax and to deposit
7 such Hotel Tax into the tax increment fund, as more specifically provided for herein; and

8 WHEREAS, the County has agreed to pledge the National Harbor Convention Center
9 Excess Development District Taxes to secure the Infrastructure Bonds (both hereinafter defined);
10 and

11 WHEREAS, the Tax Increment Act and the Special Taxing District Act authorize the
12 County to issue special obligation bonds for the purpose of borrowing funds to be used to fulfill
13 one or more of the purposes of said Acts; and

14 WHEREAS, the County expects to issue special obligation bonds to finance a portion of the
15 costs of the convention center; and

16 WHEREAS, if the County issues its special obligation bonds upon enactment of an
17 ordinance such ordinance will provide that the special obligation bonds shall be secured by a
18 pledge of (i) the taxes representing the levy on the Tax Increment, (ii) the Hotel Tax, and (iii) the
19 Special Hotel Rental Tax (collectively, the "County Taxes") as more specifically provided for
20 herein.

21 SECTION 1. NOW, THEREFORE, BE IT RESOLVED by the County Council of Prince
22 George's County, Maryland, that, for the purposes of this Resolution, the terms defined in the
23 recitals shall have the meanings therein set forth and, in addition, the following terms shall have
24 the meanings set forth below:

25 (1) "Adjusted Assessable Base" means, for real property that qualifies for a farm or
26 agricultural use under Section 8-209 of the Tax-Property Article, the fair market value of the
27 property without regard to its agricultural use assessment as of January 1 of that year preceding
28 the effective date of the resolution creating the Development District under Section 14-206 of the
29 Tax Increment Act.

30 (2) "Assessable Base" means the total assessable base of all real property in the
31 Development District subject to taxation as determined by the Supervisor of Assessments.

1 (3) "Assessment Ratio" means any real property tax assessment ratio, however
2 designated or calculated, which is used or applied under applicable general law in determining
3 the Assessable Base including the assessment percentage as provided under § 8-103(c) of the
4 Tax-Property Article.

5 (4) "Bonds" includes any revenue bonds or bond, note or notes, or other similar
6 instruments or instrument issued by the County pursuant to and in accordance with this
7 Resolution and the Tax Increment Act and the Special Taxing District Act.

8 (5) "Development District" means the contiguous area in the County designated in
9 Section 3 of this Resolution as a development district under the Tax Increment Act.

10 (6) "Hotel Tax" means the transient occupancy taxes levied and collected in each Tax
11 Year by the County pursuant to Subdivision 3, Subtitle 10 of the Prince George's County Code,
12 as the same may be amended from time to time, on hotels located in the Development District
13 and the Special Taxing District.

14 (7) "Infrastructure Bonds" means the \$65,000,000 of special obligation bonds
15 authorized to be issued by CR-25-2004 and CB-23-2004 of the County Council of Prince
16 George's County, Maryland to finance certain public infrastructure improvements.

17 (8) "Letter of Intent" means the Letter of Intent dated April 2, 2004 by and between
18 the County and Gaylord Entertainment Company including any amendments thereto.

19 (9) "National Harbor Convention Center Excess Development District Taxes" means
20 the excess tax revenues comprising the Tax Increment, Hotel Tax and Special Hotel Rental Tax
21 (determined at the end of each fiscal year of the County) not needed to pay debt service on
22 Bonds issued by the County to finance the convention center as provided for in this Resolution
23 within the Development District and the Special Taxing District consisting of an amount equal to
24 the lesser of: (i) 50% of the annual debt service on the Infrastructure Bonds; (ii) \$2,600,000 for
25 each Infrastructure Bond year or (iii) the shortfall relating to the debt service on the
26 Infrastructure Bonds after application of the Tax Increment and the Hotel Tax as defined in
27 CR-25-2004 of the County Council of Prince George's County, Maryland.

28 (10) "Original Assessable Base" means the Assessable Base as of January 1 of the year
29 preceding the effective date of this Resolution which is January 1, 2003.

30 (11) "Original Full Cash Value" means the dollar amount which is determined by
31 dividing the Original Assessable Base by the Assessment Ratio used to determine the Original

1 Assessable Base.

2 (12) "Original Taxable Value" means, for any Tax Year, the dollar amount that is the
3 lesser of:

4 (a) The product of the Original Full Cash Value times the Assessment Ratio
5 applicable to that Tax Year;

6 (b) The Original Assessable Base; or

7 (c) If an Adjusted Assessable Base applies, then the Original Taxable Value is
8 the Adjusted Assessable Base.

9 (13) "Special Hotel Rental Tax" means the hotel rental tax constituting a special tax
10 under the Special Taxing District Act to be levied and collected in each Tax Year by the County
11 on hotels located in the Special Taxing District as authorized by CB-24-2004 of the County
12 Council of Prince George's County, Maryland, that the County will deposit in the Special Taxing
13 District Fund.

14 (14) "Special Taxing District" means the contiguous area in the County designated in
15 Section 4 of this Resolution as a special taxing district under the Special Taxing District Act.

16 (15) "Special Taxing District Fund" means the special taxing district fund established
17 in Section 7 of this Resolution.

18 (16) "Tax Increment" means for any Tax Year, the amount by which the Assessable
19 Base as of January 1 preceding that Tax Year exceeds the Original Taxable Value divided by the
20 Assessment Ratio used to determine the Original Taxable Value.

21 (17) "Tax Increment Fund" means the tax increment fund established in Section 6 of
22 this Resolution.

23 (18) "Tax Year" means the period from July 1 of a calendar year through June 30th of
24 the next calendar year.

25 SECTION 2. BE IT FURTHER RESOLVED, that acting pursuant to the Tax Increment
26 Act and the Special Taxing District Act, it is hereby found and determined that the establishment
27 of the Development District and the Special Taxing District, the creation of the Tax Increment
28 Fund and the Special Taxing District Fund and the issuance of Bonds from time to time pursuant
29 to the Tax Increment Act and the Special Taxing District Act, all for the purpose of providing
30 funds to finance a portion of the costs of the convention center accomplishes the public purposes
31 of the Tax Increment Act and the Special Taxing District Act and generally promotes the health,

1 welfare and safety of the residents of the State of Maryland and of the County.

2 SECTION 3. BE IT FURTHER RESOLVED, that a contiguous area of the County
3 consisting of the property set forth below is hereby designated as a “Development District” (to
4 be known as the “National Harbor Convention Center Development District”) pursuant to
5 Section 14-206 of the Tax Increment Act. The Development District shall consist of the property
6 listed in Exhibit A of this Resolution and all adjoining roads, highways, alleys, rights of way,
7 parks and other similar property in order to form a contiguous area as shown on the map
8 submitted to the County Council together with this Resolution. The boundaries of the
9 Development District may be modified prior to and after the issuance of the Bonds as provided
10 in Section 5 of this Resolution.

11 SECTION 4. BE IT FURTHER RESOLVED, that a contiguous area of the County
12 consisting of the property set forth below is hereby designated as a “Special Taxing District” (to
13 be known as “National Harbor Convention Center Special Taxing District”) pursuant to Section
14 10-269(e) of the Prince George’s County Code and Section 9-1301(f) of Article 24 of the
15 Annotated Code of Maryland, as amended. The Special Taxing District shall consist of property
16 listed in Exhibit A of this Resolution and all adjoining roads, highways, alleys, rights of way,
17 parks and other similar property in order to form a contiguous area as shown on the map
18 submitted to the County Council together with this Resolution. The boundaries of the Special
19 Taxing District may be modified prior to and after the issuance of the Bonds as provided in
20 Section 5 of this Resolution.

21 SECTION 5. BE IT FURTHER RESOLVED, that prior to the issuance of the Bonds, the
22 County Executive may, by executive order, reduce or enlarge the boundaries of the Development
23 District and the Special Taxing District by not more than four acres. After the issuance of the
24 Bonds, the County Executive, by executive order, may enlarge the boundaries of the
25 Development District or the Special Taxing District but may not reduce the size of such Districts
26 so long as there are any Bonds outstanding pursuant to the Tax Increment Act and the Special
27 Taxing District Act and this Resolution, unless the ordinance with respect to such Bonds permits
28 the County to reduce the area constituting the Development District or the Special Taxing
29 District or the holders of the Bonds or a representative on their behalf consents to any such
30 reduction.

31 SECTION 6. BE IT FURTHER RESOLVED, that there is hereby established a special

1 fund to be designated the "National Harbor Convention Center Development District Tax
2 Increment Fund" (the "Tax Increment Fund") with respect to the National Harbor Convention
3 Center Development District and the County Executive, Chief Administrative Officer and the
4 Financial Officer of the County are hereby directed and authorized to deposit in such Tax
5 Increment Fund all taxes received by the County for any Tax Year commencing after the
6 effective date of this Resolution equal to that portion of the taxes payable to the County (but not
7 including any taxes payable to the State of Maryland or to any other party) representing the levy
8 on the Tax Increment that would normally be paid to the County. The County shall also deposit
9 the Hotel Tax into such Fund. The County Executive, the Chief Administrative Officer and the
10 Financial Officer and other officers and employees of the County, to the extent applicable, are
11 hereby authorized to take all necessary steps in order to establish a separate fund to be held by
12 the County.

13 SECTION 7. BE IT FURTHER RESOLVED, that there is hereby established a special
14 fund to be designated the "National Harbor Convention Center Special Taxing District Fund"
15 (the "Special Taxing District Fund") with respect to the National Harbor Convention Center
16 Special Taxing District and the County Executive, Chief Administrative Officer and the
17 Financial Officer of the County are hereby directed and authorized to deposit in such Special
18 Taxing District Fund all Special Hotel Rental Taxes received by the County. The County
19 Executive, the Chief Administrative Officer and the Financial Officer and other officers and
20 employees of the County, to the extent applicable, are hereby authorized to take all necessary
21 steps in order to establish a separate fund to be held by the County.

22 SECTION 8. BE IT FURTHER RESOLVED, that Bonds may be issued pursuant to an
23 ordinance enacted in accordance with the Letter of Intent, the Tax Increment Act and the Special
24 Taxing District Act for the purpose of providing funds for the financing of a portion of the costs
25 of the convention center. Such ordinance shall specify, in general detail, the proposed
26 undertaking to be financed with the proceeds of the Bonds and shall otherwise conform to the
27 requirements of the Letter of Intent, the Tax Increment Act, the Special Taxing District Act and
28 this Resolution.

29 SECTION 9. BE IT FURTHER RESOLVED, that the County hereby covenants and
30 pledges that if any Bonds issued under the Tax Increment Act with respect to the Development
31 District are outstanding, the property taxes on real property within the Development District shall

1 be divided so that (i) that portion of the taxes which would be produced by the rate at which
2 taxes levied each year by the County upon the Original Taxable Value shall be allocated to and
3 when collected paid into the funds of the County in the same manner as taxes by or for the
4 County on all other property are paid and (ii) that portion of the taxes representing the levy on
5 the Tax Increment that would normally be paid to the County (but not including any taxes
6 payable to the State of Maryland or to any other party) shall be paid into the Tax Increment Fund
7 established hereunder to be applied in accordance with the provisions of Section 14-208 of the
8 Tax Increment Act. The County acknowledges that neither the rate at which taxes are levied on
9 real property within the Development District nor the manner of assessment of the value of real
10 property within the Development District is to vary from the rate or manner of assessment that
11 otherwise would have applied if the Development District were not designated and the Tax
12 Increment Fund not created, except to the extent that a specific valuation adjustment is mandated
13 by the Tax Increment Act for real property that qualifies for farm or agricultural use.

14 SECTION 10. BE IT FURTHER RESOLVED, that the County hereby covenants and
15 pledges to levy the Special Hotel Rental Tax to secure Bonds issued to finance the convention
16 center.

17 SECTION 11. BE IT FURTHER RESOLVED, that the National Harbor Convention
18 Center Excess Development District Taxes shall be pledged to the payment of debt service on
19 the Infrastructure Bonds and applied to the payment thereof as provided in CB-23-2004 of the
20 County Council of Prince George's County, Maryland.

21 SECTION 12. BE IT FURTHER RESOLVED, that the provisions of this Resolution are
22 severable, and if any provision, sentence, clause, section or part hereof is held or determined to
23 be illegal, invalid or unconstitutional or inapplicable to any person or circumstances, such
24 illegality, invalidity or unconstitutionality or inapplicability shall not affect or impair any of the
25 remaining provisions, sentences, clauses, sections or parts of this Resolution or their application
26 to other persons or circumstances. It is hereby declared to be the legislative intent that this
27 Resolution would have been passed if such illegal, invalid, unconstitutional or inapplicable
28 provision, sentence, clause, section or part had not been included herein, and as if the person or
29 circumstances to which this Resolution or any part hereof are inapplicable had been specifically
30 exempted herefrom.

31 SECTION 13. BE IT FURTHER RESOLVED, that Resolution CR-63-2002 and any other

1 prior, inconsistent resolutions, or any parts thereof are hereby repealed.

2 SECTION 14. BE IT FURTHER RESOLVED, that this Resolution is administrative in
3 nature and shall take effect upon approval by the County Executive.

Adopted this 6th day of July, 2004.

COUNTY COUNCIL OF PRINCE
GEORGE'S COUNTY, MARYLAND

BY: _____
Tony Knotts
Chairman

ATTEST:

Redis C. Floyd
Clerk of the Council

APPROVED:

DATE: _____ BY: _____
Jack B. Johnson
County Executive

Exhibit A available in hard copy only