

COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND
2004 Legislative Session

Bill No. CB-116-2004

Chapter No. 65

Proposed and Presented by The Chairman (by request – County Executive)

Introduced by Council Members Harrington, Dernoga, Exum and Dean

Co-Sponsors _____

Date of Introduction November 1, 2004

BILL

1 AN ACT concerning

2 Tax Increment Development District Created by the City of Laurel, Maryland and Designated as
3 Centre at Laurel Development District

4 For the purpose of authorizing the pledge by the County of a portion of its property taxes levied
5 on the tax increment pertaining to a contiguous area located on the northwest corner of Contee
6 Road and Baltimore Washington Boulevard Route 1 in Prince George's County, Maryland (the
7 "County"), such area having been designated by the City of Laurel, Maryland (the "City") as a
8 "development district" as that term is used in Sections 14-201 through 14-214 inclusive of
9 Article 41 of the Annotated Code of Maryland (2003 Replacement Volume) (the "Tax Increment
10 Financing Act"), such development district being known as the "Centre at Laurel Development
11 District;" authorizing the execution and delivery by the County of a contribution agreement
12 providing for the deposit by the County of a portion of its property taxes levied on the tax
13 increment pertaining to the Centre at Laurel Development District into the tax increment fund
14 created by the City, such property taxes to be applied for the purposes described; describing
15 generally the City's creation of a tax increment fund, the authorization by the City of special
16 obligation bonds in the aggregate principal amount not to exceed \$1,750,000 bearing interest at a
17 rate not to exceed eight percent (8%) and maturing not later than ten (10) years from the date of
18 issuance for the purpose of financing the construction of certain public infrastructure
19 improvements to be owned by the City or the County, to be located in or leading to, from or
20 within the Centre at Laurel Development District in order to facilitate the development of a
21 shopping center within such District; describing generally the sources of repayment of the City's

special obligation bonds, which under the Tax Increment Financing Act may take the form of a note issued by the City, such sources to include certain City and County tax increment revenues deposited to the tax increment fund, and generally providing for and determining various other matters in connection with the foregoing.

RECITALS

Pursuant to §§14-201 through 14-214, inclusive, of Article 41 of the Annotated Code of Maryland (2003 Replacement Volume) (the “Tax Increment Financing Act”) and Resolution No. 7-04 of the City Council (the “City Council”) of the City of Laurel, Maryland (the “City”) (as amended or supplemented from time to time, the “City Resolution”), the City established the Centre at Laurel Development District (the “Development District”), a “development district” (as that term is used in the Tax Increment Financing Act) and the “Centre at Laurel Development District Special Fund” (the “Tax Increment Fund”), a special tax increment fund into which the “tax increment” (as such term is used in the Tax Increment Financing Act; the “Tax Increment”) for the Development District is deposited for the purpose of financing the costs of the public infrastructure improvements described in Exhibit 2 hereto relating to the development of a shopping center within the Development District.

The Tax Increment Financing Act authorizes the City to issue special obligation bonds, which may take the form of a note, from time to time for the purpose of borrowing funds to be used to fulfill one or more of the purposes of the Tax Increment Financing Act.

Pursuant to the City Resolution, the City will enact an ordinance (the “City Ordinance”; the City Resolution and the City Ordinance are hereinafter referred to collectively as the “City Legislation”) which, among other things, will authorize the City to issue not to exceed \$1,750,000 aggregate principal amount of special obligation bonds in the form of a note (the “Note”) bearing interest at a rate not to exceed eight percent (8%) maturing not later than ten (10) years from the date of issuance for the purpose of financing the public infrastructure improvements described in Exhibit 2 hereto.

It is contemplated that the Note to be issued by the City to finance the public infrastructure improvements constructed to facilitate the development of the shopping center within the Development District will be repaid only through the payment of taxes representing the levy of the Tax Increment pursuant to the provisions of the Tax Increment Financing Act.

Section 14-209 of the Tax Increment Financing Act provides that the County may pledge,

1 by written agreement, that property taxes levied by the County on the Tax Increment pertaining
 2 to the Development District shall be paid into the Tax Increment Fund created by the City to
 3 secure repayment of the Note. Any such written agreement shall also run to the benefit of, and
 4 be enforceable on behalf of, any noteholder or bondholder.

5 Pursuant to §14-209 of the Tax Increment Financing Act, the County has determined to
 6 authorize the pledge of a portion of the property taxes levied by the County on the Tax Increment
 7 pertaining to the Development District equal to an amount not to exceed fifty percent (50%) of
 8 the annual debt service on the Note through its maturity date and that such amount be paid into
 9 the Tax Increment Fund, and to authorize the County to enter into a written agreement with the
 10 City (the "Contribution Agreement") evidencing such a pledge and determining various matters
 11 in connection therewith.

12 SECTION 1. BE IN ENACTED by the County Council of Prince George's County,
 13 Maryland, that, for the purposes of this Act, the terms defined in the Recitals shall have the
 14 meanings therein set forth and, in addition, the following terms shall have the meanings set forth
 15 below:

16 (1) "Adjusted Assessable Base" means, for real property that qualifies for a farm or agricultural
 17 use under §8-209 of the Tax-Property Article, the fair market value of the property without
 18 regard to its agricultural use assessment as of January 1 of that year preceding the effective date
 19 of the resolution creating the Development District under §14-206 of the Tax Increment
 20 Financing Act.

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

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

27 (4) "Development District" means the contiguous area designated in the City Legislation as a
 28 development district under the Tax Increment Financing Act and described in Section 3 of this
 29 Act.

30 (5) "Note" means the note issued by the City to the developer or designee pursuant to and in
 31 accordance with the City Legislation in an aggregate principal amount not to exceed \$1,750,000

bearing interest at a rate not to exceed eight percent (8%) and maturing not later than ten (10) years from the date of issuance.

(6) "Original Assessable Base" means the Assessable Base as of January 1 of the year preceding the effective date of this Act (January 1, 2003).

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

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

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

(b) The Original Assessable Base; or

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

(9) "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.

(10) "Tax Increment Fund" means the special tax increment fund established by the City Legislation in accordance with the Tax Increment Financing Act.

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

SECTION 2. BE IT FURTHER ENACTED that the City Legislation has made certain findings and determinations, established the Tax Increment Fund and Development District and provided certain authorization as described in the Recitals, which are hereby acknowledged and declared to be the basis for the authorizations by this Act. In addition, the County further acknowledges that (1) the Development District consists of the property listed in Exhibit 1 of this Act forming a contiguous area; and (2) the proceeds of the Note to be issued by the City will be utilized solely to finance the design, construction, acquisition and equipping of the public infrastructure improvements described in Exhibit 2 pursuant to the provisions of the Tax Increment Financing Act as further described in the City Legislation.

SECTION 3. BE IT FURTHER ENACTED that the County, by execution of the Contribution Agreement, shall pledge that if the Note issued under the Tax Increment Financing

1 Act with respect to the Development District is outstanding, the property taxes on real property
2 within the Development District shall be divided so that (i) that portion of the taxes which would
3 be produced at the rate at which taxes levied each year by the County upon the Original Taxable
4 Value shall be allocated to and when collected paid into the funds of the County in the same
5 manner as taxes by or for the County on all other property are paid; and (ii) that portion of the
6 taxes representing the levy on the Tax Increment that would normally be paid to the County in an
7 amount that will not exceed fifty percent (50%) of the principal and interest due on the Note on
8 an annual basis through the final maturity date of the Note (but not including any taxes payable
9 to the State of Maryland or to any other party) shall be paid into the Tax Increment Fund to be
10 applied in accordance with the provisions of §14-208 of the Act. Any pledge shall be in
11 accordance with and subject to the terms of the Contribution Agreement. The County
12 acknowledges that neither the rate at which taxes are levied on real property within the
13 Development District nor the manner of assessment of the value of real property within the
14 Development District is to vary from the rate or manner of assessment that otherwise would have
15 applied if the Development District were not designated and the Tax Increment Fund not created,
16 except to the extent that a specific valuation adjustment is mandated by the Act for real property
17 that qualifies for farm or agricultural use.

18 SECTION 4. BE IT FURTHER ENACTED that, subject to the provisions of this
19 Resolution and in accordance with the requirements of the Tax Increment Financing Act, the
20 County Executive is hereby authorized to approve, by executive order, the form, content and the
21 manner of execution and delivery on behalf of the County, of a Contribution Agreement by and
22 between the County and the City, and such other documents to which the County is a party and
23 which are necessary or appropriate in connection with the County's execution and delivery of the
24 Contribution Agreement and the performance by the County or its obligations thereunder.
25 Pursuant to such executive order, the County Executive and other appropriate County officials
26 may execute and deliver the Contribution Agreement and such other documents, and cause the
27 seal of the County to be impressed thereon, and take such other actions as may be prescribed as
28 may be necessary or appropriate to the execution and delivery of the Contribution Agreement by
29 the County and the consummation of the transactions contemplated thereby. The County
30 Executive may exercise the authority conferred by this Act notwithstanding subsequent
31 amendments or supplements made to the City Legislation if such amendments or supplements

1 are not materially inconsistent with the description of the City Legislation set forth in this Act.

2 SECTION 5. BE IT FURTHER ENACTED that this Act authorizes, but does not require,
3 the County Executive, by executive order and appropriate actions taken pursuant thereto, to
4 execute, or cause to be executed, a Contribution Agreement. The County shall not create or
5 incur any obligation to any person or entity with regard to the matters contemplated or described
6 in this Act unless and until the Contribution Agreement is executed and delivered on behalf of
7 the County, and then only to the extent provided in such Contribution Agreement or other
8 documents executed and delivered by the County in connection with the Contribution
9 Agreement.

10 SECTION 6. BE IT FURTHER ENACTED that the Note shall not constitute obligations,
11 special or otherwise, of the County. The County shall have no pecuniary or other obligation with
12 respect to the Note, the financing contemplated by the City Legislation or with regard to any
13 other matter or activity, except to satisfy any obligation it may undertake in the Contribution
14 Agreement.

15 SECTION 7. BE IT FURTHER ENACTED that the provisions of this Act are severable,
16 and if any provision, sentence, clause, section or part hereof is held or determined to be illegal,
17 invalid or unconstitutional or inapplicable to any person or circumstances, such illegality,
18 invalidity or unconstitutionality or inapplicability shall not affect or impair any of the remaining
19 provisions, sentences, clauses, sections or parts of this Act or their application to other persons or
20 circumstances. It is hereby declared to be the legislative intent that this Act would have been
21 passed if such illegal, invalid, unconstitutional or inapplicable provision, sentence, clause,
22 section or part had not been included herein, and as if the person or circumstances to which this
23 Act or any part hereof are inapplicable had been specifically exempted herefrom.

24 SECTION 8. BE IT FURTHER ENACTED that the authority conferred by this Act, the
25 County's obligation under the Contribution Agreement to pay taxes representing the levy on the
26 Tax Increment into the Tax Increment Fund, and any other County obligations under the
27 Contribution Agreement, shall remain in full force and effect as long as the principal of, and the
28 interest and any premium on, any of the Note, remains unpaid or until ten (10) years from the
29 date on which the Developer, its tenants, or other users of the shopping center are issued one or
30 more certificates of occupancy for an aggregate of not less than 60,000 square feet of the
31 shopping center premises have elapsed, whichever is first, or shall terminate on a date as shall be

1 specified by a subsequent act, if the Contribution Agreement is not initially executed and
2 delivered by the County and the City and Note are not initially issued, sold, and delivered by the
3 City on or before such date. Any Contribution Agreement executed and delivered by the County
4 and the City shall acknowledge and provide for such limitation.

5 SECTION 9. BE IT FURTHER ENACTED that this Act shall take effect 45 days from the
6 date it becomes law.

Adopted this 30th day of November, 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 1 available in hard copy only.

EXHIBIT 1

PROPERTY DESCRIPTION

EXHIBIT 2

PUBLIC INFRASTRUCTURE IMPROVEMENTS

The public infrastructure improvements consist of surveying to map existing site conditions, floodplain studies, civil engineering design, acquisition of permits and preparation of construction documents to construct new stormdrain culverts and related improvements for the safe conveyance of stormwater runoff through the development district to provide downstream stabilization of a tributary to Crow's Branch, which passes through the development district.