

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 557

(Senators Sydnor and Kelley)

Finance

Environment and Transportation

Baltimore County - West Baltimore County Redevelopment Authority

This bill authorizes Baltimore County to establish, by law, the West Baltimore County Redevelopment Authority that may make recommendations to the county on issues related to the county's power of eminent domain. Baltimore County may not delegate the power of eminent domain to the authority. The redevelopment authority may establish, impose, and collect tolls, rates, rentals, fees, and charges relating to the authority's undertakings and property. The authority may issue revenue bonds to finance redevelopment activities. The authority's bonds are not backed by the full faith and credit of the county unless applicable referendum provisions are followed.

Fiscal Summary

State Effect: If the bill's authority is used, the State Department of Assessments and Taxation can process any property tax exemptions with existing budgeted resources. State finances and operations are not otherwise materially affected.

Local Effect: Baltimore County revenues and expenditures increase to the extent the county establishes by local law the West Baltimore County Redevelopment Authority.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: Baltimore County is authorized, as specified by local law, to acquire within the boundary lines of West Baltimore County, land and property by purchase, lease, gift, condemnation, or any other legal means for residential, commercial, or industrial

development or redevelopment and to sell, lease, convey, transfer, or otherwise dispose of any land or property.

Baltimore County may establish, by law, the West Baltimore County Redevelopment Authority, and the authority is created when the county enacts local laws and files a charter, as specified. The bill describes Baltimore County's powers in regard to the authority and also describes how the county can amend, alter, and terminate the authority. The bill details the authority's membership, rules relating to membership, and powers of the authority. The budgetary and financial procedures of the authority must be established by local law. The authority may not be deemed a municipal corporation.

Any violation of the rules and regulations adopted by the West Baltimore County Redevelopment Authority is a misdemeanor and is punishable by a fine of up to \$1,000 and/or imprisonment for up to 180 days.

The bill describes the process for issuing bonds and provisions related to doing so. The authority must notify the Baltimore County House and Senate delegations of a proposed bond issuance at least two weeks before holding a required public hearing.

The property owned or held by and the revenues of the authority are exempt from State and local taxation. Generally, the authority's net earnings may not benefit any person other than Baltimore County. The authority must comply with all applicable zoning and planning requirements.

Current Law: No similar authority in Baltimore County exists. A political subdivision may use federal or State financial assistance for commercial or industrial redevelopment projects to make grants or loans or to guarantee loans, to private entities, but it may not be used for a residential or housing project.

Eminent Domain – Generally

The power to take, or condemn, private property for public use is one of the inherent powers of state government. Courts have long held that this power, known as "eminent domain," is derived from the sovereignty of the state. Both the federal and State constitutions limit the condemnation authority and establish two requirements for taking property through the power of eminent domain. First, the property taken must be for a "public use." Second, the party whose property is being taken must receive "just compensation." In either event, the party whose property is being taken is generally entitled to a judicial proceeding prior to the taking of the property. However, the Maryland Constitution does authorize "quick-take" condemnations in limited circumstances prior to a court proceeding.

Local Revenues: To the extent that the bill fosters redevelopment, revenues such as property taxes could increase for Baltimore County. If Baltimore County does obtain

property for redevelopment, revenues could accrue from the sale or lease of such properties. Revenues due to bond sales could increase by an indeterminate amount.

Revenues could also increase due to the imposition of any tolls, rates, rentals, fees, or charges. The amount of any such increase cannot be predicted at this time.

This analysis assumes Baltimore County enacts a local law to establish the West Baltimore County Redevelopment Authority. To the extent that a local law is not enacted, there is no fiscal effect.

Local Expenditures: Should the redevelopment authority use its authority to purchase properties for redevelopment, expenditures could significantly increase due to purchasing costs. The county could incur an increase in expenditures for legal assistance and the hiring of any other staff necessary to run the redevelopment agency.

Debt service payments would increase commensurate with any bond issuances. The amount of such payments would depend upon the amount, rate, and term of any such bond.

Small Business Effect: Some small businesses may benefit to the extent that Baltimore County establishes the West Baltimore County Redevelopment Authority and it spurs new or increased business opportunities. However, small businesses in West Baltimore County could be at risk of having their property acquired by the county through eminent domain.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 1427 (Delegate Brooks) - Rules and Executive Nominations.

Information Source(s): Secretary of State; State Department of Assessments and Taxation; Department of Legislative Services

Fiscal Note History: First Reader - March 14, 2022
fnu2/tso Third Reader - March 24, 2022
Revised - Amendment(s) - March 24, 2022

Analysis by: Heather N. MacDonagh

Direct Inquiries to:
(410) 946-5510
(301) 970-5510