

Special Taxing District Guidelines Anne Arundel County, Maryland

Purpose:

These guidelines are intended to establish the considerations that the County will use in its decision making process in reviewing proposals for creation of a Special Taxing District (District) to further the economic development/quality growth management/redevelopment goals of the County. These guidelines have been prepared for the purpose of (1) evaluating the feasibility of a District as a mechanism to advance the County's comprehensive plan, zoning ordinance and or capital improvement program, and (2) to provide greater benefit to the ultimate property owners utilizing the proposed facilities.

Background:

Sections 21-501 to 21-523, inclusive, of the Local Government Article of the Annotated Code of Maryland (the "Special Taxing District Act") authorizes the creation of special tax districts as a means to provide financing, refinancing, or reimbursement for the cost of the design, construction, extension or alteration of adequate infrastructure improvements including 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.

The Special Taxing District Act provides that the creation of a District must be requested by at least two-thirds of the owners of real property in the District by parcel count and by assessed valuation. In addition, the County Council must hold a public hearing with at least 10 days notice before taking action to create a District.

Under the District process, special obligation debt is issued by the County to provide funding for the public improvements for the benefit of the property within the District. The bonds will include a portion of the cost of the improvements, issuance costs, and interest on the bonds during construction and for a period after construction, and a reserve fund. The County will levy a special tax each year to provide funds for the payment of debt service on the bonds, to replenish reserves if needed, cover the cost of administration of the District, and fund other costs related to the bonds. The bonds are in no way a direct or indirect liability to the County.

Guidelines:

In order to assure that a Special Taxing District at a proposed location will accomplish its stated benefits, the County Administration will evaluate an application to establish a District utilizing these guidelines, prior to any required action of the County's governing body pursuant to the Special Taxing District Statute. The ability to utilize Special Tax District financing is not a right or entitlement established by Maryland law or these guidelines. The County reserves the right, in its sole discretion, to amend or waive these guidelines when such a waiver would further the County's goals for establishment of the District. A District application, in a form determined by the Controller, will be evaluated to determine if:

1. The proposed public improvements meet all requirements of the Special Taxing District Act.
2. The proposed public infrastructure furthers the goals and policies set forth in the County's General Development Plan, and goals and policies established in other plans adopted by the County Council or other County agencies.
3. The proposed private development is consistent with the County's Comprehensive Zoning Plan, the Anne Arundel County zoning and Subdivision Regulations.
4. The developer requesting the District has a significant investment at risk in the development relative to the amount of the bonds or other obligations issued for the public infrastructure funded through the District.
5. The proposed private development and business plan is sound, and the proposed project or purpose for establishing the District is economically feasible and has a high likelihood of success.
6. The proposed private development will be economically viable throughout the term of the bonds issued (or other obligations incurred) to finance the public infrastructure.
7. The District's outstanding debt obligations as compared to the appraised value of the property or adjusted appraised value if partial development has occurred within the District's boundaries as if the infrastructure being financed was in place shall not exceed 33 percent at the time the bonds are issued, and shall not exceed 10 percent once the development is complete based upon reasonable projections.
8. The issuance of bonds or other obligations incurred to finance the public infrastructure will not have an adverse impact on the County's credit rating.
9. The project poses no direct or indirect liability to the County, and the developer and/or District provides the type and level of surety acceptable to the County to protect the County from actions or inactions of the District.
10. All documents relating to the project reflect the fact that the County has no financial liability for present or future improvements connected with the project whether or not contemplated by the ordinance creating the District or as that ordinance may be amended.

The County will perform a due diligence investigation to confirm information regarding the developer's ability to complete the project as well confirm that establishing a District is superior to other forms of financing mechanisms from a public interest perspective. The investigation must also include a review of the developer's and property owner's financial resources to sustain the project. The project will be evaluated by the District review committee. The committee members include the Chief Administrative Officer, the Budget Officer, the Controller, the Planning and Zoning Officer, the Director of Public Works, the Director of Programming (President/CEO of Economic Development), and the County Attorney, or their designees, as well as other appropriate staff and consultants. This review team will recommend approval, denial or revised terms of the District to the County Executive and County Council.

The applicant must complete an application in its entirety.

Application for Special Tax District:

An application for a Special Tax District is available from the Office of Finance and on the County's website at www.aacounty.org.