



*Gregory J. Swain, County Attorney*

## MEMORANDUM

**To:** Council Members, Anne Arundel County Council

**From:** Gregory J. Swain, County Attorney /s/

**Via:** Kelly Phillips Kenney, Supervising County Attorney /s/

**Date:** November 16, 2020

**Subject:** Bill No. 103-20 – Payment in lieu of taxes (PILOT) – Brock Bridge Landing

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### Legislative Summary

This summary was prepared by the Anne Arundel County Office of Law for use by members of the Anne Arundel County Council during consideration of Bill No. 103-20. The summary is intended to explain the purposes and legal effects of the bill.

**Purpose.** The primary purpose of this Bill is to authorize the County Executive to enter into a Payment in Lieu of Taxes (“PILOT”) Agreement with Brock Bridge Landing Limited Partnership, which will be developing Brock Bridge Landing, a 38-unit townhouse apartment complex to serve households of various levels of limited income, to be located at 7902 Brock Bridge Road, Jessup, Maryland.

**Background.** PILOT Agreements are authorized by State law for certain types of properties, including but not limited to, housing for persons of limited income, subsidized housing, housing commission or housing authority properties, and housing for senior citizens. Md. Code Ann., Tax-Prop., §§ 7-501, et seq. The State law allows a county to exempt those specific properties from county real property taxes if certain conditions are met, including entry into an agreement for negotiated amount in lieu of property taxes. The agreement must be entered with the owner of the property and the governing body of the county, which in Anne Arundel County, requires approval by both the County Council and the County Executive. Once a PILOT is in place, the owner is required to pay the negotiated amount, rather than any taxes for the property.

**Note:** This Legislative Summary provides a synopsis of the bill as introduced. It does not address subsequent amendments to the bill.

**Bill provisions.**

**Section 1** of the Ordinance authorizes an exemption from County real property taxes for Brock Bridge Landing in accordance with § 7-506.1 of the Tax-Property Article of the Annotated Code of Maryland, which provides, among other things, that real property may be exempt from county property tax if:

(i) the real property is owned by a person engaged in constructing or operating housing structures or projects; and

(ii) the real property is used for a housing structure or project that is constructed or substantially rehabilitated under a federal, state or local government program that:

(1) funds construction, or insures its financing in whole or in part, or

(2) provides interest subsidy, rent subsidy or rent supplements; and

(iii) the owner and the governing body of the county enter into an agreement for the payment of a negotiated sum in lieu of applicable county property taxes on the Property; and

(iv) the owner:

(1) agrees to continue to maintain the real property as rental housing for lower income persons under the requirements of the government programs and to renew any annual contributions contract or other agreement for rental subsidy or supplement; or

(2) enters into an agreement with the County to allow the property or the portion of the property which was maintained for lower income persons to remain as housing for lower income persons for a term of at least five (5) years.

**Section 2** authorizes the County Executive to enter into the PILOT Agreement, which is attached to the Ordinance as Exhibit A. The PILOT Agreement identifies the property and in paragraph 1, the number of units that will be made available to various income levels. As set forth in the Agreement, the payment in lieu of taxes shall begin in Fiscal Year 2023 (July 1, 2022), and shall be in place for 40 years (ending July 1, 2062), unless any of the events listed in paragraph 3 occurs. Under paragraph 5 of the PILOT Agreement, the payment in lieu of taxes for Fiscal Year 2023 shall be \$15,200. For fiscal year 2024 through fiscal year 2062, the payment in lieu of taxes shall be the previous year's amount, plus 4% per annum.

**Section 3** provides that the exemptions and PILOT may not take effect until the requirements of § 7-506.1 of the Tax-Property Article of the Annotated Code of Maryland are met.

**Section 4** provides that the Ordinance shall take effect 45 days from the date it becomes law.

The Office of Law is available to answer any additional questions regarding this Bill. Thank you very much.

cc: Honorable Steuart Pittman, County Executive  
Matt Power, Chief Administrative Officer  
Lori Rhodes, Deputy Chief Administrative Officer for Land Use  
Pamela Jordan, Deputy Chief Administrative Officer of Health and Human Services  
Dr. Kai Boggess-de Bruin, PhD, Chief of Staff  
Peter Baron, Legislative Liaison  
Kathleen Koch, Arundel Community Development Services  
Karin McQuade, Controller  
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