



Committee Joint
Staff: Robert H. Drummer, Senior Legislative Attorney
Purpose: To receive testimony – no vote expected
Keywords: #WMATAPilot
Search terms: WMATA, Metro property, taxes

AGENDA ITEM #7
July 28, 2020
Public Hearing

SUBJECT

Bill 29-20, Taxation – Payments in Lieu of Taxes – WMATA property - Established

Lead Sponsors: Councilmembers Riemer and Friedson

Co-Sponsors: Councilmembers Glass, Navarro, Council President Katz, Councilmember Albornoz, Council Vice President Hucker and Councilmember Rice

EXPECTED ATTENDEES

None

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- Public Hearing – no vote expected.

DESCRIPTION/ISSUE

Bill 29-20 would require the Director of Finance to offer a payment in lieu of taxes for a residential or commercial high-rise building constructed by a private developer on property leased from the Washington Metropolitan Area Transit Authority (WMATA) at a Metro Station. The Bill would require the payment in lieu of taxes that would exempt 100% of the real property tax that would otherwise be levied for a period of 15 years beginning in the year a use and occupancy permit is issued for the qualifying development.

SUMMARY OF KEY DISCUSSION POINTS

- Does encouraging this type of development provide a reasonable return to the County for the loss of property tax and the expansion of the Charter limit cap on property tax revenue from new construction?
- Should the exemption be automatic or should each proposed development be reviewed independently?

This report contains:

Staff Report

Bill 29-20

Legislative Request Report

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M E M O R A N D U M

July 23, 2020

TO: County Council

FROM: Robert H. Drummer, Senior Legislative Attorney

SUBJECT: Bill 29-20, Taxation – Payments in Lieu of Taxes – WMATA property -
Established

PURPOSE: Public Hearing – no Council votes required

Bill 29-20, Taxation – Payments in Lieu of Taxes – WMATA property - Established, sponsored by Lead Sponsors Councilmember Riemer and Friedson and Co-Sponsors Councilmembers Glass, Navarro, Council President Katz, Councilmember Albornoz and Vice President Hucker and Councilmember Rice, was introduced on July 7, 2020. A joint Government Operations and Fiscal Policy/Planning, Housing and Economic Development Committee worksession is tentatively scheduled for September 16.¹

Bill 29-20 would require the Director of Finance to offer a payment in lieu of taxes for a high-rise building constructed by a private developer on property leased from the Washington Metropolitan Area Transit Authority (WMATA) at a Metro Station. The Bill would require the payment in lieu of taxes that would exempt 100% of the real property tax that would otherwise be levied for a period of 15 years beginning in the year a use and occupancy permit is issued for the qualifying development.

WMATA does not currently pay property tax because it is an instrumentality of the State of Maryland.² Property tax can be levied against a lessee of government property used for a private purpose under Md. Tax-Property Code Ann. §6-102(e). WMATA has agreed to a long-term lease with a developer of some of its property at the Grosvenor-Strathmore Metro Station. Md. Tax-Property Code Ann. §7-501 authorizes the Council to enact a law providing for a payment in lieu of taxes for property leased from a government agency that is otherwise subject to a tax levy under §6-102(e).

¹#WMATAPilot
Search terms: WMATA, Metro property, taxes

² WMATA is a regional transportation agency that is an instrumentality of Maryland, Virginia, and the District of Columbia. See Md. Transportation Code Ann. §10-204.

Bill 29-20 would apply to any property leased from WMATA at a Metro Station in the County for a qualifying development of a residential or commercial high-rise building.

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Bill No. 29-20
Concerning: Taxation – Payments in Lieu
of Taxes – WMATA property -
Established
Revised: July 6, 2020 Draft No. 5
Introduced: July 7, 2020
Expires: January 7, 2022
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsors: Councilmembers Riemer and Friedson
Co-Sponsors: Councilmembers Glass, Navarro, Council President Katz, Councilmember Albornoz
and Council Vice President Hucker

AN ACT to:

- (1) authorize the Director of Finance to negotiate a payment in lieu of taxes for certain property leased from WMATA;
- (2) establish the amount of the payment in lieu of taxes; and
- (3) generally amend the law governing payments in lieu of taxes.

By adding

Montgomery County Code
Chapter 52, Taxation
Section 52-24A

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

The County Council for Montgomery County, Maryland approves the following Act:

LEGISLATIVE REQUEST REPORT

Bill 29-20

Taxation – Payments in Lieu of Taxes – WMATA property - Established

DESCRIPTION:	Bill 29-20 would require the Director of Finance to offer a payment in lieu of taxes for a high-rise building constructed by a private developer on property leased from the Washington Metropolitan Area Transit Authority (WMATA) at a Metro Station. The Bill would require the payment in lieu of taxes that would exempt 100% of the real property tax that would otherwise be levied for a period of 15 years beginning in the year a use and occupancy permit is issued for the qualifying development.
PROBLEM:	The market does not currently support the construction of a high-rise building at a Metro station.
GOALS AND OBJECTIVES:	The goal is to encourage the construction of high-rise buildings at Metro stations in the County.
COORDINATION:	DHCA, Finance, County Attorney
FISCAL IMPACT:	To be provided
ECONOMIC IMPACT:	To be provided
EVALUATION:	To be provided
EXPERIENCE ELSEWHERE:	Unknown
SOURCE OF INFORMATION:	Robert H. Drummer, Senior Legislative Attorney
APPLICATION WITHIN MUNICIPALITIES:	N/A
PENALTIES:	N/A