



BILL NO.: House Bill 1182
TITLE: Business Improvement Districts
POSITION: **OPPOSE**
DATE: March 11, 2010
COMMITTEE: Environmental Matters
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The Maryland Association of Counties (MACo) **OPPOSES** House Bill 1182. This bill would set criteria for the establishment of Business Improvement Districts (BID) within a local government. The bill specifies that a local government must adopt a resolution approving a BID, if the procedural requirements of an application are met.

Under current law, many local governments establish special taxing districts to serve residential or commercial areas with additional services. This process is properly placed under the authority of the local government's elected officials, who have accountability to their voters. HB 1182 would create a new type of taxing district, with a process leveraged by the potential service recipients. Under the bill, a BID could: (1) undertake long-term obligations by issuing bonds; (2) levy taxes on property owners in the district; and (3) and conduct all other activities of an employer and pseudo-governmental entity.

Of paramount concern to MACo is the mandate on local government to pass a resolution if the bill criteria are met, without the local government actually approving the BID itself.

Under HB 1182, the local government would not have the authority to approve a BID on its own merits. Rather, the local government would only review the application, hold a public hearing, and if procedural criteria were met, adopt a resolution. There would be no analysis to determine if the BID meets the local government's goals or any assessment of how the BID would affect businesses within and outside the district. This review by an accountable public body is essential, especially as only 51% of the businesses would be required to express an interest in BID participation. Further, that BID would become an administrative conduit for filing articles of incorporation, collecting taxes, and incurring long term debt. And, local government would not be reimbursed for administrative costs of this review or the public hearing.

It is unclear how these taxes would be treated with respect to property tax caps and whether BID issued debt would be considered an obligation of the local government. HB 1182 states that a local government may terminate a BID, which implies that BID debt be transferred to the local government. MACo contends that if these districts are being formed by a group of property owners to meet specific needs, the local government should be held harmless.

HB 1182 also does not clarify whether an entity established through this process, not created by the local government, may levy a tax.

If well structured, a BID may provide much needed services to businesses. MACo has been working with the bill sponsor to address these concerns. However, in its current form, MACo **OPPOSES** HB 1182, and urges an **UNFAVORABLE** report.