

SENATE BILL 707

Q1, L4, L1

3lr2074

By: **Senator Madaleno**

Introduced and read first time: February 1, 2013

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Special Taxing Districts – Transportation Improvements and Exemption**
3 **from County Tax Limitations**

4 FOR the purpose of altering the definition of “cost” to include certain operating
5 expenses; authorizing the Mayor and City Council of Baltimore City or the
6 governing body of a county to set special rates for any class of property in a
7 special taxing district that is subject to the county property tax; authorizing the
8 Mayor and City Council of Baltimore City or the county governing body, under
9 certain circumstances, to set a property tax rate that is higher than a county tax
10 limitation, notwithstanding certain provisions of law or any provision of the
11 county’s charter that places certain limits on that county’s property tax rate or
12 revenues; defining certain terms; providing for the application of this Act; and
13 generally relating to special taxing districts and county tax limitations.

14 BY repealing and reenacting, without amendments,
15 Article 1 – Rules of Interpretation
16 Section 14(a)
17 Annotated Code of Maryland
18 (2011 Replacement Volume and 2012 Supplement)

19 BY repealing and reenacting, without amendments,
20 Article 24 – Political Subdivisions – Miscellaneous Provisions
21 Section 9–1301(a)(1) and 9–1302
22 Annotated Code of Maryland
23 (2011 Replacement Volume and 2012 Supplement)

24 BY repealing and reenacting, with amendments,
25 Article 24 – Political Subdivisions – Miscellaneous Provisions
26 Section 9–1301(a)(3)
27 Annotated Code of Maryland
28 (2011 Replacement Volume and 2012 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY repealing and reenacting, without amendments,
2 Article – Tax – Property
3 Section 6–302
4 Annotated Code of Maryland
5 (2012 Replacement Volume)

6 BY adding to
7 Article – Tax – Property
8 Section 6–302.1
9 Annotated Code of Maryland
10 (2012 Replacement Volume)

11 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
12 MARYLAND, That the Laws of Maryland read as follows:

13 **Article 1 – Rules of Interpretation**

14 14.

15 (a) The word county shall be construed to include the City of Baltimore,
16 unless such construction would be unreasonable.

17 **Article 24 – Political Subdivisions – Miscellaneous Provisions**

18 9–1301.

19 (a) (1) In this section the following words have the meanings indicated.

20 (3) “Cost” includes the cost of:

21 (i) Construction, reconstruction, and renovation, and
22 acquisition of all lands, structures, real or personal property, rights, rights-of-way,
23 franchises, easements, and interests acquired or to be acquired by the Maryland
24 Economic Development Corporation, or the State, any unit or department or political
25 subdivision of the State, or any other governmental unit having jurisdiction of the
26 infrastructure improvement;

27 (ii) All machinery and equipment including machinery and
28 equipment needed to expand or enhance county services to the special taxing district;

29 (iii) Financing charges and interest prior to and during
30 construction, and, if deemed advisable by the county, for a limited period after
31 completion of the construction, interest and reserves for principal and interest,
32 including costs of municipal bond insurance and any other type of financial guaranty
33 and costs of issuance;

- 1 (iv) Extensions, enlargements, additions, and improvements;
- 2 (v) Architectural, engineering, financial, and legal services;
- 3 (vi) Plans, specifications, studies, surveys, and estimates of cost
4 and of revenues;
- 5 (vii) Administrative expenses necessary or incident to
6 determining to proceed with the infrastructure improvements; [and]
- 7 (viii) **OPERATING EXPENSES; AND**
- 8 **(IX)** Other expenses as may be necessary or incident to the
9 construction, acquisition, [and] financing, **AND OPERATION** of the infrastructure
10 improvements.

11 9–1302.

- 12 (a) (1) In this section the following words have the meanings indicated.
- 13 (2) “Cost” has the meaning stated in § 9–1301 of this subtitle.
- 14 (3) “County tax limitation” means a provision of a county charter that
15 limits:
- 16 (i) The maximum property tax rate that a county may impose;
17 or
- 18 (ii) The rate of growth of county property tax revenues.
- 19 (4) “County transportation improvements” includes:
- 20 (i) For county roads and highways:
- 21 1. County rights-of-way, roadway surfaces, roadway
22 subgrades, shoulders, median dividers, drainage facilities and structures, related
23 stormwater management facilities and structures, roadway cuts, roadway fills,
24 guardrails, bridges, highway grade separation structures, tunnels, overpasses,
25 underpasses, interchanges, entrance plazas, approaches, and other structures forming
26 an integral part of a street, road, or highway, including bicycle and walking paths,
27 designated bus lanes, sidewalks, pedestrian plazas, streetscaping, and related
28 infrastructure; and
- 29 2. Any other property acquired for the construction,
30 operation, or use of the highway; and

1 (ii) For county transit facilities, any one or more or combination
2 of tracks, rights-of-way, bridges, tunnels, subways, rolling stock, stations, terminals,
3 ports, parking areas, equipment, fixtures, building structures, other real or personal
4 property, and services incidental to or useful or designed for use in connection with the
5 rendering of transit service by any means, including rail, bus, motor vehicle, or other
6 mode of transportation but does not include any railroad facility.

7 (5) "Highway facility" has the meaning stated in § 3-101(f) of the
8 Transportation Article.

9 (6) "Special taxing district" means a defined geographic area
10 designated by a county within which ad valorem or special taxes are imposed for the
11 purpose of financing the cost of infrastructure improvements.

12 (7) "State transportation improvements" includes highway facilities,
13 transit facilities, and related infrastructure.

14 (8) "Transit facility" has the meaning stated in § 3-101(k) of the
15 Transportation Article.

16 (b) A county tax limitation that would otherwise apply to ad valorem or
17 special taxes imposed only within a special taxing district does not apply for the
18 purpose of financing the cost of State transportation improvements and county
19 transportation improvements.

20 Article – Tax – Property

21 6-302.

22 (a) Except as otherwise provided in this section and after complying with §
23 6-305 of this subtitle, in each year after the date of finality and before the following
24 July 1, the Mayor and City Council of Baltimore City or the governing body of each
25 county annually shall set the tax rate for the next taxable year on all assessments of
26 property subject to that county's property tax.

27 (b) (1) Except as provided in subsection (c) of this section, §§ 6-305 and
28 6-306 of this subtitle and § 6-203 of this title:

29 (i) there shall be a single county property tax rate for all real
30 property subject to county property tax except for operating real property described in
31 § 8-109(c) of this article; and

32 (ii) the county tax rate applicable to personal property and the
33 operating real property described in § 8-109(c) of this article for taxable years
34 beginning after June 30, 2001 shall be 2.5 times the rate for real property.

1 (2) Paragraph (1) of this subsection does not affect a special rate
2 prevailing in a taxing district or part of a county.

3 (c) (1) Intangible personal property is subject to county property tax as
4 otherwise provided in this title at a rate set annually, if:

5 (i) the intangible personal property has paid interest or
6 dividends during the 12 months that precede the date of finality;

7 (ii) interest or dividends were withheld on the intangible
8 personal property during the 12 months that precede the date of finality to avoid the
9 tax under this subsection;

10 (iii) the intangible personal property consists of newly issued
11 bonds, certificates of indebtedness, or evidences of debt on which interest is not in
12 default; or

13 (iv) a stock dividend has been declared on the intangible
14 personal property during the 12 months that precede the date of finality.

15 (2) The county tax rate for the intangible personal property is 30 cents
16 for each \$100 of assessment.

17 **6-302.1.**

18 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE
19 MEANINGS INDICATED.

20 (2) "COST" HAS THE MEANING STATED IN § 9-1301 OF ARTICLE
21 24 OF THE CODE.

22 (3) "COUNTY TAX LIMITATION" HAS THE MEANING STATED IN §
23 9-1302 OF ARTICLE 24 OF THE CODE.

24 (4) "COUNTY TRANSPORTATION IMPROVEMENTS" HAS THE
25 MEANING STATED IN § 9-1302 OF ARTICLE 24 OF THE CODE.

26 (5) "SPECIAL TAXING DISTRICT" HAS THE MEANING STATED IN §
27 9-1302.1 OF ARTICLE 24 OF THE CODE.

28 (6) "STATE TRANSPORTATION IMPROVEMENTS" HAS THE
29 MEANING STATED IN § 9-1302 OF ARTICLE 24 OF THE CODE.

30 (B) NOTWITHSTANDING § 6-302 OF THIS ARTICLE, THE MAYOR AND
31 CITY COUNCIL OF BALTIMORE CITY OR THE GOVERNING BODY OF A COUNTY

1 MAY SET SPECIAL RATES IN A SPECIAL TAXING DISTRICT FOR ANY CLASS OF
2 PROPERTY THAT IS SUBJECT TO THE COUNTY PROPERTY TAX.

3 (C) IN EXERCISING THE AUTHORITY GRANTED UNDER SUBSECTION (B)
4 OF THIS SECTION AND NOTWITHSTANDING § 6-302 OF THIS ARTICLE, § 5-104(D)
5 OF THE EDUCATION ARTICLE, OR ANY PROVISION OF A COUNTY CHARTER THAT
6 PLACES RESTRICTIONS ON THAT COUNTY'S PROPERTY TAX RATE, RATE
7 SETTING, OR REVENUES, THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY
8 OR THE GOVERNING BODY OF A COUNTY MAY SET A PROPERTY TAX RATE THAT
9 IS HIGHER THAN THE COUNTY TAX LIMITATION.

10 (D) SUBJECT TO THE ANNUAL BUDGET AND APPROPRIATION
11 PROCESSES OF EACH COUNTY AND THE CITY OF BALTIMORE, ANY REVENUE
12 ATTRIBUTABLE TO A SPECIAL RATE FOR ANY CLASS OF PROPERTY UNDER
13 SUBSECTION (B) OF THIS SECTION SHALL BE DISTRIBUTED FOR THE PURPOSE
14 OF FINANCING THE COST OF STATE TRANSPORTATION IMPROVEMENTS OR
15 COUNTY TRANSPORTATION IMPROVEMENTS.

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
17 June 1, 2013, and shall be applicable to all taxable years beginning after June 30,
18 2013.