

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1455

(Montgomery County Delegation and Prince George's
County Delegation)

Ways and Means

Budget and Taxation

**Maryland-National Capital Park and Planning Commission - Property Tax -
Payment in Lieu of Taxes Agreement**
MC/PG 118-13

This bill authorizes the Maryland-National Capital Park and Planning Commission (M-NCPPC) to enter into a negotiated payment in lieu of taxes agreement for all or a specified part of real or personal property owned by an electricity generation facility that locates in Prince George's County. The payment is in lieu of taxes imposed by M-NCPPC. The real or personal property of the facility is exempt from M-NCPPC property taxes for the duration of the agreement.

The bill takes effect June 1, 2013, and applies to taxable years beginning after June 30, 2014.

Fiscal Summary

State Effect: None.

Local Effect: M-NCPPC property tax revenues may decrease beginning in FY 2015 to the extent M-NCPPC enters into a payment in lieu of taxes agreement with an electricity generation facility. Any revenue decrease will be mitigated by negotiated payment in lieu of taxes agreements between M-NCPPC and an electricity generation facility.

Small Business Effect: None.

Analysis

Bill Summary: A negotiated payment in lieu of taxes agreement must be recorded in the Prince George's County land records and require that the obligation of the owner of a electricity generation facility to make, in a timely manner, a payment in lieu of taxes (1) be guaranteed by appropriate entities affiliated with the owner of the facility; (2) be a covenant running with the land; (3) create a lien attached to the property and fixtures of the facility that is enforceable in accordance with the Maryland Contract Lien Act; and (4) be secured by a security interest in all or a specified part of the personal property of the owner of the facility that is perfected and enforceable in accordance with provisions of the Maryland Uniform Commercial Code.

Before entering into or amending an agreement for a negotiated payment in lieu of taxes with an electricity generation facility, M-NCPPC must obtain (1) certificates endorsed by M-NCPPC's Secretary-Treasurer and the Prince George's County Director of Finance affirming that the terms of the agreement are reasonably expected to generate more revenue for the commission than would be generated if the electricity generation facility did not locate in Prince George's County and (2) the affirmative approval of the terms of the agreement by the Prince George's County Executive, County Council, and Planning Board, as evidenced by an executive order of the county executive; a resolution of the county council; and a resolution of the planning board.

Except as otherwise provided, a payment in lieu of taxes that M-NCPPC receives must be distributed to the funds of the commission in the same proportion that the taxes imposed on real or personal property are distributed during the fiscal year when the payment is received.

Current Law: M-NCPPC is a bi-county agency serving Montgomery and Prince George's counties that was empowered by the State in 1927 to acquire and administer a regional system of parks within the Maryland-Washington Metropolitan District and administer a general plan for the physical development of the area. In 1970, M-NCPPC became responsible for managing the Prince George's County public recreation program. M-NCPPC imposes three special property taxes on property in Prince George's County – recreation tax, administration tax, and park tax. The recreation tax is imposed countywide. The administration tax is used to fund general administration and planning and is only imposed in the regional district, from which the City of Laurel is mostly excluded. The park tax is imposed in the metropolitan district, from which the City of District Heights, City of Greenbelt, and City of Laurel are mostly excluded.

Local Fiscal Effect: M-NCPPC property tax revenues may decrease beginning in fiscal 2015 to the extent M-NCPPC enters into a payment in lieu of taxes agreement with an electricity generation facility. The amount of any decrease depends on the assessed

value of real and personal property owned by an electricity generation facility. Any revenue decrease will be mitigated by negotiated payment in lieu of taxes agreements. In addition, county income tax revenues may increase to the extent that new jobs are created in the county. As a point of reference, the fiscal 2013 property tax rates and revenues for the three M-NCPPC taxes are shown in **Exhibit 1**.

Exhibit 1
M-NCPPC Property Tax Rates and Revenues – Fiscal 2013
Prince George’s County

	Real Property Tax Rate	Revenue Amount
Recreation Tax (Countywide)	\$0.0705	\$58,281,300
Administration Tax (Regional District)	0.0541	43,500,000
Park Tax (Metropolitan District)	0.1544	118,802,700
Total	\$0.2790	\$220,584,000

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Prince George’s County, Maryland-National Capital Park and Planning Commission, Department of Legislative Services

Fiscal Note History: First Reader - March 12, 2013
mlm/hlb Revised - House Third Reader - March 26, 2013
Revised - Enrolled Bill - April 29, 2013

Analysis by: Michael Sanelli

Direct Inquiries to:
(410) 946-5510
(301) 970-5510