

# HOUSE BILL 1279

Q1, L4, L1

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CF SB 627

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By: **Delegates Hixson, Barnes, Barve, Carr, Cullison, Gutierrez, Hucker,  
Luedtke, S. Robinson, Simmons, Waldstreicher, and Zucker**

Introduced and read first time: February 7, 2014

Assigned to: Ways and Means

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

16 BY repealing and reenacting, without amendments,  
17 Article 1 – Rules of Interpretation  
18 Section 14(a)  
19 Annotated Code of Maryland  
20 (2011 Replacement Volume and 2013 Supplement)

21 BY repealing and reenacting, without amendments,  
22 Article – Local Government  
23 Section 21–501(a) and 21–701  
24 Annotated Code of Maryland  
25 (2013 Volume)

26 BY repealing and reenacting, with amendments,  
27 Article – Local Government

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Section 21–501(c)  
2 Annotated Code of Maryland  
3 (2013 Volume)

4 BY repealing and reenacting, without amendments,  
5 Article – Tax – Property  
6 Section 6–302  
7 Annotated Code of Maryland  
8 (2012 Replacement Volume and 2013 Supplement)

9 BY adding to  
10 Article – Tax – Property  
11 Section 6–302.1  
12 Annotated Code of Maryland  
13 (2012 Replacement Volume and 2013 Supplement)

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

16 **Article 1 – Rules of Interpretation**

17 14.

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

20 **Article – Local Government**

21 21–501.

22 (a) In this subtitle the following words have the meanings indicated.

23 (c) “Cost” includes the cost of:

24 (1) (i) construction, reconstruction, and renovation;

25 (ii) acquisition of structures, real or personal property, rights,  
26 rights-of-way, franchises, easements, and interests acquired or to be acquired by the  
27 Maryland Economic Development Corporation, the State, a unit or political  
28 subdivision of the State, or another governmental unit having jurisdiction over the  
29 infrastructure improvement;

30 (iii) machinery and equipment, including machinery and  
31 equipment needed to expand or enhance county services to a special taxing district;

1 (iv) financing charges and interest before and during  
 2 construction and, if the county considers it advisable, for a limited period after  
 3 completion of the construction;

4 (v) interest and reserves for principal and interest, including  
 5 the cost of municipal bond insurance and any other type of financial guaranty and  
 6 costs of issuance;

7 (vi) extensions, enlargements, additions, and improvements;

8 (vii) architectural, engineering, financial, and legal services;

9 (viii) plans, specifications, studies, surveys, and estimates of cost  
 10 and revenues;

11 (ix) administrative expenses necessary or incident to  
 12 determining to proceed with infrastructure improvements; [and]

13 (x) **OPERATING EXPENSES; AND**

14 **(XI)** other expenses necessary or incident to acquiring,  
 15 constructing, [and] financing, **AND OPERATING** infrastructure improvements; and

16 (2) in Prince George's County, the cost of renovation, rehabilitation,  
 17 and repair of existing buildings, internal and external structural systems, elevators,  
 18 facades, mechanical systems and components, and security systems.

19 21-701.

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

21 (2) "Cost" has the meaning stated in § 21-501 of this title.

22 (3) "County tax limitation" means a provision of a county charter that  
 23 limits:

24 (i) the maximum property tax rate that a county may impose;  
 25 or

26 (ii) the rate of growth of county property tax revenues.

27 (4) "County transportation improvement" includes:

28 (i) for county roads and highways:

29 1. a county right-of-way, roadway surface, roadway  
 30 subgrade, shoulder, median divider, drainage facility or structure, related stormwater

1 management facility or structure, roadway cut, roadway fill, guardrail, bridge,  
2 highway grade separation structure, tunnel, overpass, underpass, interchange,  
3 entrance plaza, approach, or other structure forming an integral part of a street, road,  
4 or highway, including a bicycle or walking path, designated bus lane, sidewalk,  
5 pedestrian plaza, streetscaping, or related infrastructure; or

6 2. any other property acquired for the construction,  
7 operation, or use of the highway; and

8 (ii) for a county transit facility, any one or more or combination  
9 of tracks, rights-of-way, bridges, tunnels, subways, rolling stock, stations, terminals,  
10 ports, parking areas, equipment, fixtures, building structures, other real or personal  
11 property, or services incidental to or useful or designed for use in connection with the  
12 rendering of transit service by any means, including rail, bus, motor vehicle, or other  
13 mode of transportation, but does not include any railroad facility.

14 (5) "Special taxing district" means a defined geographic area  
15 designated by a county within which ad valorem or special taxes are imposed to  
16 finance the cost of infrastructure improvements.

17 (6) "State transportation improvement" includes a highway facility, a  
18 transit facility, and related infrastructure.

19 (7) "Transit facility" has the meaning stated in § 3-101(k) of the  
20 Transportation Article.

21 (b) A county tax limitation that would otherwise apply to ad valorem or  
22 special taxes imposed only in a special taxing district does not apply for the purpose of  
23 financing the cost of State transportation improvements or county transportation  
24 improvements.

## 25 **Article – Tax – Property**

26 6-302.

27 (a) Except as otherwise provided in this section and after complying with §  
28 6-305 of this subtitle, in each year after the date of finality and before the following  
29 July 1, the Mayor and City Council of Baltimore City or the governing body of each  
30 county annually shall set the tax rate for the next taxable year on all assessments of  
31 property subject to that county's property tax.

32 (b) (1) Except as provided in subsection (c) of this section, §§ 6-305 and  
33 6-306 of this subtitle and § 6-203 of this title:

34 (i) there shall be a single county property tax rate for all real  
35 property subject to county property tax except for operating real property described in  
36 § 8-109(c) of this article; and

1 (ii) the county tax rate applicable to personal property and the  
2 operating real property described in § 8–109(c) of this article shall be no more than 2.5  
3 times the rate for real property.

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

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

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

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

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

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

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

20 **6–302.1.**

21 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE  
22 MEANINGS INDICATED.

23 (2) “COST” HAS THE MEANING STATED IN § 21–501 OF THE  
24 LOCAL GOVERNMENT ARTICLE.

25 (3) “COUNTY TAX LIMITATION” HAS THE MEANING STATED IN §  
26 21–701 OF THE LOCAL GOVERNMENT ARTICLE.

27 (4) “COUNTY TRANSPORTATION IMPROVEMENT” HAS THE  
28 MEANING STATED IN § 21–701 OF THE LOCAL GOVERNMENT ARTICLE.

29 (5) “SPECIAL TAXING DISTRICT” HAS THE MEANING STATED IN §  
30 21–701 OF THE LOCAL GOVERNMENT ARTICLE.

1           **(6) “STATE TRANSPORTATION IMPROVEMENT” HAS THE**  
2 **MEANING STATED IN § 21-701 OF THE LOCAL GOVERNMENT ARTICLE.**

3           **(B) NOTWITHSTANDING § 6-302 OF THIS SUBTITLE, THE MAYOR AND**  
4 **CITY COUNCIL OF BALTIMORE CITY OR THE GOVERNING BODY OF A COUNTY**  
5 **MAY SET SPECIAL RATES IN A SPECIAL TAXING DISTRICT FOR ANY CLASS OF**  
6 **PROPERTY THAT IS SUBJECT TO THE COUNTY PROPERTY TAX.**

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

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

20           **SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect**  
21 **June 1, 2014, and shall be applicable to all taxable years beginning after June 30,**  
22 **2014.**