

# HOUSE BILL 664

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CF SB 886

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By: ~~Delegates Krimm and K. Young~~ **Frederick County Delegation**

Introduced and read first time: February 12, 2015

Assigned to: Ways and Means

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 14, 2015

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Frederick County Property Tax Fairness Act of 2015**  
3 **(Strengthening Frederick Municipalities)**

4 FOR the purpose of removing Frederick County from the list of counties required to grant  
5 certain property tax setoffs to municipal corporations within the county in a certain  
6 manner; requiring the governing body of Frederick County to annually meet and  
7 discuss with the governing body of each municipal corporation in the county the  
8 county property tax rate to be set for assessments of property in the municipal  
9 corporation; requiring Frederick County to grant a property tax setoff to a municipal  
10 corporation in accordance with a formula agreed to by the county and the municipal  
11 corporation if the municipal corporation performs services or programs instead of  
12 similar county services or programs; requiring, if the county and the municipal  
13 corporation fail to reach an agreement concerning the formula, the county to grant a  
14 tax setoff in accordance with the formula used in the preceding taxable year;  
15 requiring the county and a municipal corporation to agree to phase in any increase  
16 in a property tax setoff above a certain level over a certain period of time under  
17 certain circumstances; requiring the county to conduct a study of services or  
18 programs provided by the municipal corporations instead of county services or  
19 programs before property tax setoffs for a certain fiscal year may be established;  
20 defining a certain term; providing for the effective dates of this Act; providing for the  
21 application of certain provisions of this Act; and generally relating to property tax  
22 setoffs in Frederick County.

23 BY repealing and reenacting, with amendments,  
24 Article – Tax – Property

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### EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Section 6–305  
2 Annotated Code of Maryland  
3 (2012 Replacement Volume and 2014 Supplement)

4 BY adding to  
5 Article – Tax – Property  
6 Section 6–305.1  
7 Annotated Code of Maryland  
8 (2012 Replacement Volume and 2014 Supplement)

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

11 **Article – Tax – Property**

12 6–305.

13 (a) In this section, “tax setoff” means:

14 (1) the difference between the general county property tax rate and the  
15 property tax rate that is set for assessments of property in a municipal corporation; or

16 (2) a payment to a municipal corporation to aid the municipal corporation  
17 in funding services or programs that are similar to county services or programs.

18 (b) This section applies only in:

19 (1) Allegany County;

20 (2) Anne Arundel County;

21 (3) Baltimore County;

22 (4) [Frederick County;

23 (5)] Garrett County;

24 [(6)](5) Harford County;

25 [(7)](6) Howard County;

26 [(8)](7) Montgomery County; and

27 [(9)](8) Prince George’s County.

1 (c) The governing body of the county shall meet and discuss with the governing  
2 body of any municipal corporation in the county the county property tax rate to be set for  
3 assessments of property in the municipal corporation as provided in this section. After the  
4 meeting if it can be demonstrated that a municipal corporation performs services or  
5 programs instead of similar county services or programs, the governing body of the county  
6 shall grant a tax setoff to the municipal corporation.

7 (d) [Except as provided in subsection (k) of this section, in] IN determining the  
8 county property tax rate to be set for assessments of property in a municipal corporation,  
9 the governing body of the county shall consider:

10 (1) the services and programs that are performed by the municipal  
11 corporation instead of similar county services and programs; and

12 (2) the extent that the similar services and programs are funded by  
13 property tax revenues.

14 (e) The county property tax rate for assessments of property located in a  
15 municipal corporation is not required to be:

16 (1) the same as the rate for property located in other municipal  
17 corporations in the county; or

18 (2) the same as the rate set in a prior year.

19 (f) (1) At least 180 days before the date that the annual county budget is  
20 required to be approved, any municipal corporation in the county that desires that a tax  
21 setoff be provided shall submit to the county a proposal that states the desired level of  
22 property tax setoff for the next fiscal year.

23 (2) (i) A request submitted under paragraph (1) of this subsection shall  
24 be accompanied by:

25 1. a description of the scope and nature of the services or  
26 programs provided by the municipal corporation instead of similar services or programs  
27 provided by the county; and

28 2. financial records and other documentation regarding  
29 municipal revenues and expenditures.

30 (ii) The materials submitted under subparagraph (i) of this  
31 paragraph shall provide sufficient detail for an assessment of the similar services or  
32 programs.

33 (3) After receiving a proposal from a municipal corporation requesting a  
34 tax setoff under this subsection, the governing body of the county shall promptly submit to

1 the municipal corporation financial records and other documentation regarding county  
2 revenues and expenditures.

3 (g) (1) At least 90 days before the date that the annual county budget is  
4 required to be approved, the county and any municipal corporation submitting a tax setoff  
5 request under subsection (f) of this section shall designate appropriate policy and fiscal  
6 officers or representatives to meet and discuss the nature of the tax setoff request, relevant  
7 financial information of the county and municipal corporation, and the scope and nature of  
8 services provided by both entities.

9 (2) A meeting held under paragraph (1) of this subsection may be held by  
10 the county representatives jointly with representatives from more than one municipal  
11 corporation.

12 (3) (i) The county officers or representatives may request from the  
13 municipal corporation officers or representatives additional information that may  
14 reasonably be needed to assess the tax setoff.

15 (ii) The municipal corporation officers or representatives shall  
16 provide the additional information expeditiously.

17 (h) (1) At or before the time the proposed county budget is released to the  
18 public, the county commissioners, the county executive of a charter county, or the county  
19 council of a charter county without a county executive shall submit a statement of intent  
20 to each municipal corporation that has requested a tax setoff.

21 (2) The statement of intent shall contain:

22 (i) an explanation of the level of the proposed tax setoff;

23 (ii) a description of the information or process used to determine the  
24 level of the proposed tax setoff; and

25 (iii) an indication that, before the budget is enacted, appropriate  
26 officials or representatives of the municipal corporation are entitled to appear before the  
27 county governing body to discuss or contest the level of the proposed tax setoff.

28 (i) Representatives of each municipal corporation in the county requesting a tax  
29 setoff shall be afforded an opportunity to testify before the county governing body during  
30 normally scheduled hearings on the county's proposed budget.

31 (j) Notwithstanding the provisions of subsections (d), (f), and (g) of this section:

32 (1) a county and one or more municipal corporations may enter into an  
33 agreement setting different terms or timing for negotiations, calculations, or approval of a  
34 tax setoff; and

1 (2) a county may grant a tax setoff to a municipal corporation that does not  
2 make a request in the fashion described in this section.

3 [(k) In Frederick County, for the taxable years that begin July 1, 2011, and July  
4 1, 2012, the governing body of Frederick County shall grant a tax setoff to a municipal  
5 corporation in an amount that:

6 (1) is no less than the tax setoff granted to that municipal corporation for  
7 the preceding taxable year; and

8 (2) increases by the same percentage by which the county property tax rate  
9 exceeds the constant yield tax rate.]

10 **6-305.1.**

11 (A) IN THIS SECTION, "TAX SETOFF" MEANS:

12 (1) THE DIFFERENCE BETWEEN THE GENERAL COUNTY PROPERTY  
13 TAX RATE AND THE PROPERTY TAX RATE THAT IS SET FOR ASSESSMENTS OF  
14 PROPERTY IN A MUNICIPAL CORPORATION; OR

15 (2) A PAYMENT TO A MUNICIPAL CORPORATION TO AID THE  
16 MUNICIPAL CORPORATION IN FUNDING SERVICES OR PROGRAMS THAT ARE SIMILAR  
17 TO COUNTY SERVICES OR PROGRAMS.

18 (B) (1) THE GOVERNING BODY OF FREDERICK COUNTY SHALL  
19 ANNUALLY MEET AND DISCUSS WITH THE GOVERNING BODY OF EACH MUNICIPAL  
20 CORPORATION IN THE COUNTY THE COUNTY PROPERTY TAX RATE TO BE SET FOR  
21 ASSESSMENTS OF PROPERTY IN THE MUNICIPAL CORPORATION.

22 (2) (i) AFTER THE MEETING IF IT CAN BE DEMONSTRATED THAT A  
23 MUNICIPAL CORPORATION PERFORMS SERVICES OR PROGRAMS INSTEAD OF  
24 SIMILAR COUNTY SERVICES OR PROGRAMS, THE GOVERNING BODY OF FREDERICK  
25 COUNTY SHALL GRANT A TAX SETOFF TO THE MUNICIPAL CORPORATION IN  
26 ACCORDANCE WITH A FORMULA AGREED TO BY THE COUNTY AND THE MUNICIPAL  
27 CORPORATION.

28 (ii) IF THE GOVERNING BODY OF FREDERICK COUNTY AND THE  
29 GOVERNING BODY OF A MUNICIPAL CORPORATION FAIL TO REACH AN AGREEMENT  
30 CONCERNING THE FORMULA BY WHICH A TAX SETOFF IS TO BE CALCULATED, THE  
31 GOVERNING BODY OF FREDERICK COUNTY SHALL GRANT A TAX SETOFF IN  
32 ACCORDANCE WITH THE FORMULA USED DURING THE PRECEDING TAXABLE YEAR.

33 (3) FREDERICK COUNTY AND A MUNICIPAL CORPORATION SHALL  
34 AGREE TO PHASE IN OVER A PERIOD OF 3 TO 5 YEARS, BEGINNING ON JULY 1, 2016,

1 ANY INCREASE IN THE LEVEL OF A TAX SETOFF ABOVE THE LEVEL OF THE TAX  
2 SETOFF GRANTED IN THE FISCAL YEAR BEGINNING JULY 1, 2015, IF THE INCREASE  
3 IS ATTRIBUTABLE TO THE FUNDING OF NEW SERVICES OR PROGRAMS.

4 SECTION 2. AND BE IT FURTHER ENACTED, That before the amount of a  
5 property tax setoff may be established for the fiscal year beginning July 1, 2016, in  
6 accordance with § 6–305.1 of the Tax – Property Article as enacted by this Act, Frederick  
7 County shall conduct a detailed study of the scope and nature of the individual services or  
8 programs provided by each municipal corporation in the county instead of similar services  
9 or programs provided by the county.

10 SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall take  
11 effect October 1, 2015, and shall be applicable to the fiscal year beginning July 1, 2016, and  
12 to each subsequent fiscal year thereafter.

13 SECTION 4. AND BE IT FURTHER ENACTED, That, except as provided in Section  
14 3 of this Act, this Act shall take effect July 1, 2015.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.