

HOUSE BILL 690

Q1

5lr0593

By: **Delegates Krimm, Carr, McComas, Platt, B. Wilson, and K. Young**

Introduced and read first time: February 12, 2015

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

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

4 FOR the purpose of repealing certain provisions of law requiring or authorizing certain
5 counties to grant property tax setoffs to municipal corporations within the county;
6 requiring a county to grant a property tax setoff to a municipal corporation in
7 accordance with a formula agreed to by the county and the municipal corporation if
8 the municipal corporation performs services or programs instead of similar county
9 services or programs; authorizing a county and a municipal corporation to agree to
10 phase in any increase in a property tax setoff above a certain level over a certain
11 period of time; requiring a county that contains municipal corporations to conduct a
12 study of services or programs provided by the municipal corporations instead of
13 county services or programs before the property tax setoffs for a certain fiscal year
14 may be established; making clarifying and conforming changes; providing for the
15 effective dates of this Act; providing for the application of certain provisions of this
16 Act; and generally relating to property tax setoffs.

17 BY repealing and reenacting, with amendments,
18 Article – Tax – Property
19 Section 6–305
20 Annotated Code of Maryland
21 (2012 Replacement Volume and 2014 Supplement)

22 BY repealing
23 Article – Tax – Property
24 Section 6–306
25 Annotated Code of Maryland
26 (2012 Replacement Volume and 2014 Supplement)

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Article – Tax – Property

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6–305.

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

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

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

[(b) This section applies only in:

(1) Allegany County;

(2) Anne Arundel County;

(3) Baltimore County;

(4) Frederick County;

(5) Garrett County;

(6) Harford County;

(7) Howard County;

(8) Montgomery County; and

(9) Prince George’s County.

(c)](B) (1) The governing body of [the] A county shall **ANNUALLY** meet and discuss with the governing body of any municipal corporation in the county the county property tax rate to be set for assessments of property in the municipal corporation [as provided in this section].

(2) After the meeting if it can be demonstrated that a municipal corporation performs services or programs instead of similar county services or programs, the governing body of the county shall grant a tax setoff to the municipal corporation **IN ACCORDANCE WITH A FORMULA AGREED TO BY THE COUNTY AND THE MUNICIPAL CORPORATION.**

(3) **A COUNTY AND A MUNICIPAL CORPORATION MAY AGREE TO PHASE IN OVER A PERIOD OF 3 TO 5 YEARS ANY INCREASE IN THE LEVEL OF A TAX**

1 **SETOFF ABOVE THE LEVEL OF THE TAX SETOFF GRANTED IN THE FISCAL YEAR**
2 **BEGINNING JULY 1, 2015.**

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

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

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

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

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

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

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

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

21 1. a description of the scope and nature of the services or
22 programs provided by the municipal corporation instead of similar services or programs
23 provided by the county; and

24 2. financial records and other documentation regarding
25 municipal revenues and expenditures.

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

29 (3) After receiving a proposal from a municipal corporation requesting a
30 tax setoff under this subsection, the governing body of the county shall promptly submit to
31 the municipal corporation financial records and other documentation regarding county
32 revenues and expenditures.

33 (g) (1) At least 90 days before the date that the annual county budget is
34 required to be approved, the county and any municipal corporation submitting a tax setoff

1 request under subsection (f) of this section shall designate appropriate policy and fiscal
2 officers or representatives to meet and discuss the nature of the tax setoff request, relevant
3 financial information of the county and municipal corporation, and the scope and nature of
4 services provided by both entities.

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

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

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

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

17 (2) The statement of intent shall contain:

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

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

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

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

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

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

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

1 (k) In Frederick County, for the taxable years that begin July 1, 2011, and July
2 1, 2012, the governing body of Frederick County shall grant a tax setoff to a municipal
3 corporation in an amount that:

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

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

8 [6-306.

9 (a) In this section, "tax setoff" means:

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

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

14 (b) This section applies to any county not listed in § 6-305 of this subtitle.

15 (c) The governing body of the county shall meet and discuss with the governing
16 body of any municipal corporation in the county the county property tax rate to be set for
17 assessments of property in the municipal corporation as provided in this section. After the
18 meeting if a municipal corporation performs services or programs instead of similar county
19 services or programs, the governing body of the county may grant a tax setoff to the
20 municipal corporation.

21 (d) In determining the county property tax rate to be set for assessments of
22 property in a municipal corporation, the governing body of the county may consider:

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

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

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

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

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

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

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

7 1. a description of the scope and nature of the services or
8 programs provided by the municipal corporation instead of similar services or programs
9 provided by the county; and

10 2. financial records and other documentation regarding
11 municipal revenues and expenditures.

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

15 (3) After receiving a proposal from a municipal corporation requesting a
16 tax setoff under this subsection, the governing body of the county shall promptly submit to
17 the municipal corporation financial records and other documentation regarding county
18 revenues and expenditures.

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

25 (2) A meeting held under paragraph (i) of this subsection may be held by
26 the county representatives jointly with representatives from more than one municipal
27 corporation.

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

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

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

1 (2) The statement of intent shall contain:

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

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

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

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

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

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

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

17 SECTION 2. AND BE IT FURTHER ENACTED, That before the amount of a
18 property tax setoff may be established for the fiscal year beginning July 1, 2016, in
19 accordance with Section 1 of this Act, a county that contains municipal corporations shall
20 conduct a detailed study of the scope and nature of the individual services or programs
21 provided by each municipal corporation in the county instead of similar services or
22 programs provided by the county.

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

26 SECTION 4. AND BE IT FURTHER ENACTED, That, except as provided in Section
27 3 of this Act, this Act shall take effect July 1, 2015.