

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 602

(Anne Arundel County Delegation)

Ways and Means

Budget and Taxation

Anne Arundel County - Special Taxing Districts - Water or Wastewater Services

This bill authorizes Anne Arundel County to establish, modify, or abolish special taxing districts for the purpose of providing or expanding water or wastewater services.

The bill takes effect July 1, 2016.

Fiscal Summary

State Effect: None.

Local Effect: To the extent additional special taxing districts connect to Anne Arundel County water and wastewater services, county expenditures to provide services will increase. These expenditures, however, will be offset by increased connection charges.

Small Business Effect: None.

Analysis

Current Law: The Local Government Article authorizes certain counties (Anne Arundel, Baltimore, Calvert, Cecil, Charles, Garrett, Harford, Howard, Prince George's, St. Mary's, Washington, and Wicomico) to establish special tax districts, impose *ad valorem* or special taxes, and issue bonds to finance, refinance, or reimburse the cost of establishing, acquiring, designing, constructing, or extending adequate infrastructure improvements. These improvements include storm drainage systems, sewers, water systems, roads, bridges, culverts, tunnels, streets, sidewalks, lighting, parking, parks and recreation facilities, libraries, schools, transit facilities, solid waste facilities, and other infrastructure

improvements. These improvements may be situated within the special taxing district or outside the special taxing district if the infrastructure improvement is reasonably related to other infrastructure improvements within the special taxing district.

Local Fiscal Effect: To the extent additional special taxing districts connect to county water and wastewater services, Anne Arundel County expenditures to provide those services will increase. This will, however, be offset by increased connection charges.

For an area of the county to connect to county water and wastewater services, a majority (51%) of property owners from where the system currently exists to where the proposed new service area ends must petition the county for service. Water and wastewater projects resulting from petitions must be self-supporting, with the cost of all petition projects borne by the abutting property owners through front foot benefit assessments and user connection charges. All capital projects require approval from the county executive and the county council. **Exhibit 1** shows the current residential connection charges for water and wastewater services in Anne Arundel County.

Exhibit 1
Residential Connection Fees

	<u>Water</u>	<u>Wastewater</u>
Capital Connection Charge	\$7,900	\$8,300
User Connection	2,100	3,400

Anne Arundel County currently has 10 tax increment financing and special taxing districts, 68 special community benefits districts, 15 shore erosion control districts, and 10 waterway improvement districts. The Anne Arundel County fiscal 2016 budget assumes \$3.1 million in property taxes and \$2.0 million in other reimbursements from the county's special taxing districts.

Additional Information

Prior Introductions: None.

Cross File: SB 141 (Anne Arundel County Senators) - Budget and Taxation.

Information Source(s): Anne Arundel County, Maryland Department of the Environment, Department of Legislative Services

Fiscal Note History: First Reader - February 10, 2016
min/jrb

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