

Chapter 69

**(Senate Bill 1251)**

AN ACT concerning

**Property Tax – Municipal Corporations – Electricity Generation Facilities –  
Negotiated Payments in Lieu of Taxes**

FOR the purpose of authorizing the governing body of a municipal corporation to enter into an agreement with the owner of a facility for the generation of electricity that is located or locates in the municipal corporation for a negotiated payment by the owner in lieu of taxes on the facility; requiring the agreement to provide for certain matters; exempting the real and personal property at the facility from municipal corporation property tax for a negotiated payment in lieu of taxes for a certain period of time; providing for the application of this Act; repealing certain obsolete provisions; making this Act an emergency measure; and generally relating to negotiated payments in lieu of taxes between municipal corporations and certain electricity generation facilities.

BY repealing and reenacting, without amendments,  
Article – Tax – Property  
Section 7–237  
Annotated Code of Maryland  
(2012 Replacement Volume and 2017 Supplement)

BY repealing and reenacting, with amendments,  
Article – Tax – Property  
Section 7–514  
Annotated Code of Maryland  
(2012 Replacement Volume and 2017 Supplement)

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

**Article – Tax – Property**

7–237.

(a) Except as provided in subsection (b) of this section, personal property is exempt from property tax if the property is machinery or equipment used to generate:

- (1) electricity or steam for sale; or
- (2) hot or chilled water for sale that is used to heat or cool a building.

(b) Subject to § 7–514 of this title, personal property that is machinery or equipment described in subsection (a) of this section is subject to county or municipal corporation property tax on:

(1) 75% of its value for the taxable year beginning July 1, 2000; and

(2) 50% of its value for the taxable year beginning July 1, 2001 and each subsequent taxable year.

7–514.

(a) [This section shall be applicable to all taxable years beginning after June 30, 2008.

(b) (1) Notwithstanding § 7–237 of this title, and subject to paragraph (2) of this subsection, for a taxable year beginning before July 1, 2011, the governing body of a county may increase to not more than 65%, by law, the percent of the assessment of any personal property described in § 7–237 of this title that is subject to county property tax.

(2) The governing body of a county may not increase the percent of assessment of personal property described in § 7–237 of this title that is subject to county personal property tax to more than:

(i) 65% for the taxable year beginning July 1, 2008;

(ii) 60% for the taxable year beginning July 1, 2009; and

(iii) 55% for the taxable year beginning July 1, 2010.

(3) (i) A county that increases the percent of assessment of taxable personal property under paragraph (1) of this subsection shall submit a copy of the law to the Department.

(ii) If the Department receives a copy of the law on or before May 1, the change shall be effective for the taxable year following the date the law is enacted.

(c)] (1) The governing body of a county **OR A MUNICIPAL CORPORATION** may enter into an agreement with the owner of a facility for the generation of electricity that is located or locates in the county **OR THE MUNICIPAL CORPORATION** for a negotiated payment by the owner in lieu of taxes on the facility.

(2) An agreement for a negotiated payment in lieu of taxes under this section shall provide that, for the term specified in the agreement:

(i) the owner shall pay to the county **OR MUNICIPAL CORPORATION** a specified amount each year in lieu of the payment of county **OR MUNICIPAL CORPORATION** real and personal property tax; and

(ii) all or a specified part of the real and personal property at the facility shall be exempt from county **OR MUNICIPAL CORPORATION** property tax for the term of the agreement.

**[(d)] (B)** As specified in the agreement for a negotiated payment in lieu of taxes under this section, for the term specified in the agreement, the real and personal property at a facility for the generation of electricity that is located or locates in the county **OR THE MUNICIPAL CORPORATION** is exempt from county **OR MUNICIPAL CORPORATION** property tax.

**[(e)] (C)** For each taxable year, Washington County shall distribute to the Town of Williamsport an amount equal to 35% of[:

(1) any county property tax revenue attributable to increasing the percent of assessment of any personal property described in § 7–237 of this title that is subject to county property tax, as authorized under subsection (b) of this section; or

**(2)]** any amount received by the county under a negotiated payment in lieu of taxes under this section from an owner of an electricity generation facility that is located or locates in the Town of Williamsport.

**SECTION 2. AND BE IT FURTHER ENACTED,** That this Act shall be applicable to all taxable years beginning after June 30, 2018.

**SECTION 3. AND BE IT FURTHER ENACTED,** That this Act is an emergency measure, is necessary for the immediate preservation of the public health or safety, has been passed by a ye and nay vote supported by three–fifths of all the members elected to each of the two Houses of the General Assembly, and shall take effect from the date it is enacted.

**Approved by the Governor, April 10, 2018.**