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**By: Delegates Rosenberg and Campbell**  
Introduced and read first time: February 2, 1996  
Assigned to: Ways and Means

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A BILL ENTITLED

1 AN ACT concerning

2 **Property Tax Base Sharing**

3 FOR the purpose of establishing a separate property tax subclass in real property for  
4 commercial-industrial property; allocating among the counties and Baltimore City a  
5 portion of the increase over a certain base year in the assessed valuation of  
6 commercial-industrial real property in the State; providing for the annual taxation  
7 of the increase over a certain base year in the assessed valuation of  
8 commercial-industrial real property in the State; providing for certain certifications;  
9 providing for the distribution of the revenue from certain taxes to the counties and  
10 Baltimore City; creating a special account to which the Comptroller shall deposit  
11 certain taxes and from which the Comptroller shall make certain distributions to the  
12 counties and Baltimore City; defining certain terms; providing for the application of  
13 this Act; and generally relating to a property tax base sharing system based on  
14 growth in assessed value of commercial and industrial real property.

15 BY repealing and reenacting, without amendments,  
16 Article - Tax - Property  
17 Section 1-101(g)  
18 Annotated Code of Maryland  
19 (1994 Replacement Volume and 1995 Supplement)

20 BY repealing and reenacting, with amendments,  
21 Article - Tax - Property  
22 Section 8-101(b)  
23 Annotated Code of Maryland  
24 (1994 Replacement Volume and 1995 Supplement)

25 BY adding to  
26 Article - Tax - Property  
27 Section 6-501 through 6-507, inclusive, to be under the new subtitle "Subtitle 5.  
28 Commercial-Industrial Property Tax Distribution"; and 8-101(d)  
29 Annotated Code of Maryland  
30 (1994 Replacement Volume and 1995 Supplement)

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

3 **Article - Tax - Property**

4 1-101.

5 (g) "County" means a county of the State and, unless expressly provided  
6 otherwise, Baltimore City.

7 SUBTITLE 5. COMMERCIAL-INDUSTRIAL PROPERTY TAX DISTRIBUTION.

8 6-501.

9 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
10 INDICATED.

11 (B) "ASSESSED VALUE" MEANS THE ASSESSMENT OF PROPERTY UNDER TITLE  
12 8, SUBTITLE 1 OF THIS ARTICLE.

13 (C) "COMMERCIAL-INDUSTRIAL PROPERTY" HAS THE MEANING STATED IN §  
14 8-101(D) OF THIS ARTICLE.

15 (D) "COUNTY PER CAPITA ASSESSED VALUATION" MEANS A COUNTY'S TOTAL  
16 ASSESSED VALUE, DETERMINED AS OF THE DATE OF FINALITY OF ANY YEAR,  
17 DIVIDED BY ITS ESTIMATED POPULATION AS OF JANUARY 1 IN THE SAME YEAR.

18 (E) "POPULATION" MEANS THE POPULATION ESTIMATE, AS OF JANUARY 1, OF  
19 THE COUNTIES MADE BY THE SECRETARY OF HEALTH AND MENTAL HYGIENE.

20 (F) "REVENUE" MEANS THE PART OF A COUNTY'S ADOPTED BUDGET THAT IS  
21 DESIGNATED TO BE RAISED BY TAXATION OF REAL AND PERSONAL PROPERTY.

22 (G) "STATE PER CAPITA ASSESSED VALUATION" MEANS THE SUM OF THE  
23 ASSESSED VALUES OF THE COUNTIES DETERMINED AS OF THE DATE OF FINALITY  
24 OF ANY YEAR, DIVIDED BY THE SUM OF THEIR POPULATIONS, DETERMINED AS OF  
25 JANUARY 1 IN THE SAME YEAR.

26 6-502.

27 (A) THE GENERAL ASSEMBLY FINDS IT DESIRABLE TO IMPROVE THE  
28 REVENUE RAISING AND DISTRIBUTION SYSTEM THROUGHOUT THE STATE TO  
29 ACCOMPLISH THE FOLLOWING OBJECTIVES:

30 (1) TO ALLOW ALL COUNTIES TO SHARE IN THE RESOURCES  
31 GENERATED BY COMMERCIAL-INDUSTRIAL GROWTH IN THE STATE WITHOUT  
32 REMOVING CONTROL OF RESOURCES THAT LOCAL GOVERNMENTS ALREADY HAVE;

33 (2) TO INCREASE THE LIKELIHOOD OF ORDERLY DEVELOPMENT  
34 STATEWIDE BY REDUCING THE IMPACT OF FISCAL CONSIDERATIONS ON THE  
35 LOCATION OR EXPANSION OF COMMERCIAL-INDUSTRIAL BUSINESS;

36 (3) TO ESTABLISH INCENTIVES FOR ALL PARTS OF THE STATE TO WORK  
37 FOR THE DEVELOPMENT OF THE STATE AS A WHOLE;

1 (4) TO PROVIDE A METHOD FOR MAKING THE STATE'S RESOURCES  
2 AVAILABLE WITHIN AND THROUGH THE EXISTING SYSTEM OF LOCAL  
3 GOVERNMENTS AND LOCAL DECISION MAKING;

4 (5) TO HELP THOSE COUNTIES IN DIFFERENT STAGES OF  
5 DEVELOPMENT BY MAKING RESOURCES INCREASINGLY AVAILABLE TO THOSE  
6 COUNTIES IN A STAGE OF DEVELOPMENT AND REDEVELOPMENT WHEN FINANCIAL  
7 PRESSURES ON THEM ARE THE GREATEST; AND

8 (6) TO ENCOURAGE PROTECTION OF THE ENVIRONMENT BY REDUCING  
9 THE IMPACT OF FISCAL CONSIDERATIONS SO THAT FLOODPLAINS CAN BE  
10 PROTECTED AND LAND FOR PARKS AND OPEN SPACE CAN BE PRESERVED.

11 (B) THE DIRECTOR SHALL ADMINISTER THIS SUBTITLE.

12 6-503.

13 (A) (1) ON OR AFTER JANUARY 1, 1997, BUT NO LATER THAN APRIL 1, 1997,  
14 THE DEPARTMENT SHALL DETERMINE THE ASSESSED VALUATION OF  
15 COMMERCIAL-INDUSTRIAL REAL PROPERTY SUBJECT TO TAXATION IN EACH  
16 COUNTY ON JANUARY 1, 1996.

17 (2) THE COMMERCIAL-INDUSTRIAL ASSESSED VALUATION FOR EACH  
18 COUNTY SHALL BE KNOWN AS THE COUNTY'S BASE YEAR  
19 COMMERCIAL-INDUSTRIAL ASSESSED VALUATION.

20 (B) ON OR AFTER JANUARY 1 BUT NO LATER THAN APRIL 1 OF 1997 AND OF  
21 EACH SUBSEQUENT YEAR, THE DEPARTMENT SHALL:

22 (1) DETERMINE THE ASSESSED VALUATION FOR THE CURRENT YEAR  
23 OF COMMERCIAL-INDUSTRIAL REAL PROPERTY SUBJECT TO TAXATION IN EACH  
24 COUNTY;

25 (2) DETERMINE FOR EACH COUNTY THE AMOUNT, IF ANY, BY WHICH  
26 THE COMMERCIAL-INDUSTRIAL ASSESSED VALUATION FOR THE CURRENT YEAR  
27 EXCEEDS THE BASE YEAR COMMERCIAL-INDUSTRIAL ASSESSED VALUATION;

28 (3) DETERMINE THE SUM OF THE INCREASES IN THE COUNTIES'  
29 COMMERCIAL-INDUSTRIAL ASSESSED VALUATION AND MULTIPLY THE SUM BY 40%,  
30 THE RESULTING AMOUNT TO BE KNOWN AS THE FREE STATE TAX BASE, WHICH  
31 SHALL BE CERTIFIED TO EACH COUNTY AND TO THE BOARD OF PUBLIC WORKS;

32 (4) DETERMINE THE FREE STATE TAX BASE DISTRIBUTION INDEX FOR  
33 EACH COUNTY, AS FOLLOWS:

34 (I) DETERMINE THE COUNTY PER CAPITA ASSESSED VALUATION  
35 FOR EACH COUNTY;

36 (II) DETERMINE THE STATE PER CAPITA ASSESSED VALUATION;  
37 AND

38 (III) COMPUTE THE DISTRIBUTION INDEX FOR EACH COUNTY BY  
39 MULTIPLYING THE COUNTY'S POPULATION BY THE RESULT OBTAINED BY DIVIDING

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1 THE STATE PER CAPITA ASSESSED VALUATION BY THE COUNTY PER CAPITA  
2 ASSESSED VALUATION;

3 (5) DETERMINE THE SUM OF THE FREE STATE TAX BASE DISTRIBUTION  
4 INDICES;

5 (6) DETERMINE FOR EACH COUNTY THE PROPORTION THAT ITS INDEX  
6 BEARS TO THE SUM OF THE INDICES, THE RESULTING PERCENT REPRESENTING THE  
7 COUNTY'S SHARE OF THE FREE STATE TAX BASE; AND

8 (7) DETERMINE FOR EACH COUNTY ITS PROPORTIONAL SHARE OF THE  
9 FREE STATE TAX BASE AND CERTIFY THIS VALUATION TO EACH COUNTY, TO THE  
10 BOARD OF PUBLIC WORKS, AND TO THE COMPTROLLER.

11 6-504.

12 (A) EACH COUNTY SHALL DETERMINE THE REVENUES COLLECTED FROM  
13 THE COUNTY SHARE OF THE FREE STATE TAX BASE AS PROVIDED UNDER THIS  
14 SECTION.

15 (B) THE TAXABLE VALUE OF A COUNTY IS ITS ASSESSED VALUATION  
16 SUBJECT TO THE FOLLOWING ADJUSTMENTS:

17 (1) THERE SHALL BE SUBTRACTED FROM ITS ASSESSED VALUATION  
18 THE AMOUNT OF THE VALUATION CONTRIBUTED TO THE FREE STATE TAX BASE;  
19 AND

20 (2) THERE SHALL BE ADDED TO ITS ASSESSED VALUATION THE  
21 AMOUNT OF ITS SHARE RECEIVED FROM THE FREE STATE TAX BASE.

22 (C) (1) THE AMOUNT OF EACH COUNTY'S REVENUE THAT IS TO BE RAISED  
23 BY TAXATION OF THE COUNTY SHARE OF THE FREE STATE TAX BASE SHALL BE THE  
24 SAME PROPORTION OF THE TOTAL REVENUES REQUIRED AS THE COUNTY'S FREE  
25 STATE TAX BASE SHARE IS TO THE COUNTY'S TOTAL TAXABLE VALUE.

26 (2) EACH COUNTY SHALL CERTIFY THE AMOUNT DETERMINED UNDER  
27 PARAGRAPH (1) OF THIS SUBSECTION TO THE BOARD OF PUBLIC WORKS AND TO  
28 THE COMPTROLLER.

29 (D) BASED ON THE AMOUNT DETERMINED UNDER SUBSECTION (C) OF THIS  
30 SECTION, EACH COUNTY SHALL DETERMINE THE REMAINDER OF THE TOTAL  
31 REVENUES TO BE RAISED FROM PROPERTY TAXATION.

32 6-505.

33 (A) IN 1997 AND EACH SUBSEQUENT YEAR, THE BOARD OF PUBLIC WORKS  
34 SHALL DETERMINE THE RATE OF TAXATION SUFFICIENT TO YIELD AN AMOUNT  
35 EQUAL TO THE SUM OF THE AMOUNTS CERTIFIED TO BE RAISED FROM PROPERTY  
36 TAXATION OF THE FREE STATE TAX BASE.

37 (B) THE BOARD SHALL CERTIFY THE RATE DETERMINED UNDER  
38 SUBSECTION (A) OF THIS SECTION TO EACH COUNTY.

39 6-506.

1 (A) (1) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ARTICLE, IN  
2 1997 AND IN EACH SUBSEQUENT YEAR, EACH COUNTY SHALL DIVIDE THAT PORTION  
3 OF THE REVENUE TO BE COLLECTED FROM PROPERTY TAXATION UNDER § 6-504(D)  
4 OF THIS SUBTITLE BY AN AMOUNT EQUAL TO THE ASSESSED VALUATION OF THE  
5 COUNTY LESS THE 40% OF THE INCREASE, IF ANY, IN ASSESSED VALUATION OF THE  
6 COMMERCIAL-INDUSTRIAL BASE CONTRIBUTED TO THE FREE STATE TAX BASE.

7 (2) THE TAX RATE RESULTING FROM THE CALCULATION UNDER  
8 PARAGRAPH (1) OF THIS SUBSECTION SHALL APPLY TO ALL TAXABLE PROPERTY  
9 OTHER THAN COMMERCIAL-INDUSTRIAL PROPERTY.

10 (B) (1) IN EACH COUNTY, THE RATE OF TAXATION CERTIFIED BY THE  
11 BOARD OF PUBLIC WORKS UNDER § 6-505 OF THIS SUBTITLE SHALL APPLY, IN THE  
12 TAXATION OF EACH ITEM OF COMMERCIAL-INDUSTRIAL PROPERTY SUBJECT TO  
13 TAXATION, TO THAT PORTION OF THE ASSESSED VALUATION OF THE ITEM THAT  
14 BEARS THE SAME PROPORTION TO ITS TOTAL ASSESSED VALUATION AS THE  
15 COUNTY CONTRIBUTION TO THE FREE STATE TAX BASE BEARS TO THE ASSESSED  
16 VALUATION OF ALL COMMERCIAL-INDUSTRIAL PROPERTY SUBJECT TO TAXATION  
17 IN THE COUNTY.

18 (2) THE RATE OF TAXATION DETERMINED IN ACCORDANCE WITH  
19 SUBSECTION (A) OF THIS SECTION SHALL APPLY IN THE TAXATION OF THE  
20 REMAINING ASSESSED VALUATION OF EACH COMMERCIAL-INDUSTRIAL PROPERTY  
21 ITEM.

22 6-507.

23 (A) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION,  
24 EACH COUNTY SHALL COLLECT TAX PAYMENTS AS PROVIDED ELSEWHERE IN THIS  
25 ARTICLE.

26 (2) TAX PAYMENTS COMPUTED PURSUANT TO § 6-506(B)(1) OF THIS  
27 SUBTITLE SHALL BE COLLECTED AND REMITTED TO THE COMPTROLLER NO LATER  
28 THAN SEPTEMBER 1 OF 1997 AND OF EACH SUBSEQUENT YEAR.

29 (B) (1) THERE IS A FREE STATE TAX ACCOUNT.

30 (2) THE COMPTROLLER SHALL DEPOSIT PAYMENTS FROM THE  
31 COUNTIES UNDER SUBSECTION (A) OF THIS SECTION TO THE CREDIT OF THE FREE  
32 STATE TAX ACCOUNT.

33 (3) ANY EXPENSES INCURRED BY THE COMPTROLLER UNDER THIS  
34 SUBTITLE AND ALL REFUNDS OF TAX RECEIPTS PAID INTO THE ACCOUNT SHALL BE  
35 PAID FROM THE ACCOUNT.

36 (4) ALL INTEREST EARNED ON MONEYS IN THE ACCOUNT SHALL BE  
37 CREDITED TO THE ACCOUNT.

38 (5) THE DISTRIBUTIONS UNDER SUBSECTION (C) OF THIS SECTION  
39 SHALL BE ADJUSTED PROPORTIONATELY TO REFLECT EXPENSES, PAYMENTS, AND  
40 INTEREST INCOME AND REDUCED TO REFLECT THE PAYMENT OF EACH REFUND IN

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1 AMOUNTS PROPORTIONATE TO THE DISTRIBUTIONS RECEIVED IN THE YEAR THE  
2 TAX WAS PAID.

3 (C) (1) THE COMPTROLLER SHALL APPORTION AND DISTRIBUTE AMOUNTS  
4 RECEIVED UNDER SUBSECTION (A)(2) OF THIS SECTION TO EACH SUBDIVISION  
5 ENTITLED THERETO AS SHOWN BY THE COUNTY'S CERTIFICATION UNDER §  
6 6-504(C)(2) OF THIS SUBTITLE.

7 (2) THE APPORTIONMENT AND DISTRIBUTION SHALL BE MADE NO  
8 LATER THAN OCTOBER 1 OF 1997 AND OF EACH SUBSEQUENT YEAR.

9 (D) (1) IF THE PAYMENT OF ANY TAX ATTRIBUTABLE TO THE FREE STATE  
10 TAX BASE IS DELINQUENT, THE COUNTY TO WHOM THE TAX IS PAYABLE SHALL  
11 PROMPTLY NOTIFY THE COMPTROLLER OF THE FAILURE OF PAYMENT.

12 (2) THE COMPTROLLER SHALL DEDUCT THE AMOUNT OF THE  
13 DELINQUENCY FROM THE DISTRIBUTIONS TO THE COUNTY ENTITLED TO RECEIVE  
14 PAYMENT FROM THE TAXPAYER.

15 (3) IF THE TAX IS SUBSEQUENTLY PAID OR COLLECTED, THE AMOUNT  
16 PAID OR COLLECTED SHALL BE RETAINED BY THE COUNTY WHOSE DISTRIBUTIONS  
17 WERE REDUCED UNDER THIS SUBSECTION BY REASON OF THE DELINQUENCY IN  
18 THE AMOUNT OF THAT REDUCTION.

19 8-101.

20 (b) Real property is a class of property and is divided into the following  
21 subclasses:

22 (1) land that is actively devoted to farm or agricultural use, assessed under §  
23 8-209 of this title;

24 (2) marshland, assessed under § 8-210 of this title;

25 (3) woodland, assessed under § 8-211 of this title;

26 (4) land of a country club, assessed under §§ 8-212 through 8-217 of this  
27 title;

28 (5) land that is used for a planned development, assessed under §§ 8-220  
29 through 8-225 of this title;

30 (6) rezoned real property that is used for residential purposes, assessed  
31 under §§ 8-226 through 8-228 of this title;

32 (7) operating real property of a railroad;

33 (8) operating real property of a public utility; [and]

34 (9) COMMERCIAL-INDUSTRIAL PROPERTY; AND

35 [(9)] (10) all other real property that is directed by this article to be assessed.

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1 (D) (1) IN THIS SECTION, "COMMERCIAL-INDUSTRIAL PROPERTY" MEANS  
2 ALL REAL PROPERTY THAT IS USED OR ZONED FOR USE FOR ANY COMMERCIAL OR  
3 INDUSTRIAL PURPOSE, EXCEPT FOR:

4 (I) PROPERTY THAT IS USED EXCLUSIVELY FOR RESIDENTIAL  
5 OCCUPANCY AND THE PROVISION OF SERVICES TO RESIDENTIAL OCCUPANTS OF  
6 THE PROPERTY, INCLUDING REZONED REAL PROPERTY THAT IS USED FOR  
7 RESIDENTIAL PURPOSES, ASSESSED UNDER §§ 8-226 THROUGH 8-228 OF THIS TITLE;  
8 AND

9 (II) OPERATING REAL PROPERTY OF A RAILROAD OR A PUBLIC  
10 UTILITY.

11 (2) FOR PURPOSES OF PARAGRAPH (1)(I) OF THIS SUBSECTION,  
12 PROPERTY IS CONSIDERED TO BE USED EXCLUSIVELY FOR RESIDENTIAL  
13 OCCUPANCY ONLY IF EACH OF AT LEAST 80% OF ITS OCCUPIED RESIDENTIAL UNITS  
14 IS, OR, IN THE CASE OF PROPERTY UNDER CONSTRUCTION, WILL BE WHEN  
15 COMPLETED, OCCUPIED UNDER AN ORAL OR WRITTEN AGREEMENT FOR  
16 OCCUPANCY OVER A CONTINUOUS PERIOD OF AT LEAST 30 DAYS.

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
18 October 1, 1996, and shall be applicable to all taxable years beginning on or after July 1,  
19 1997.