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**By: Delegates Healey, Hixson, Rosapepe, Howard, Gordon, Shriver, Bonsack, Conroy, Snodgrass, Exum, Morgan, Workman, Hecht, Menes, Pitkin, Benson, Hubbard, Frush, and McKee**

Introduced and read first time: February 6, 1997

Assigned to: Ways and Means

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A BILL ENTITLED

1 AN ACT concerning

**2 Property Tax - County Setoffs for Property in Municipal Corporations**

3 FOR the purpose of providing for the manner in which each county is required to discuss  
4 with the governing body of any municipal corporation in the county the county  
5 property tax rate to be set for assessments of property in the municipal corporation;  
6 requiring that each county and each municipal corporation in the county that desire  
7 a property tax setoff to submit certain proposals to each other; requiring the county  
8 to promptly submit to the municipal corporation certain financial records and other  
9 documentation; providing for mediation or alternative dispute resolution  
10 procedures; providing for payment of the costs mediation or dispute resolution  
11 procedures; providing for certain actions to be taken before certain dates;  
12 authorizing certain appeal and petitions to the circuit court for the county; defining  
13 a certain term; and generally relating to setoffs from county property tax for  
14 assessments of property in municipal corporations.

15 BY repealing and reenacting, with amendments,  
16 Article - Tax - Property  
17 Section 6-305 and 6-306  
18 Annotated Code of Maryland  
19 (1994 Replacement Volume and 1996 Supplement)

20 BY repealing and reenacting, without amendments,  
21 Article - Tax - Property  
22 Section 6-307  
23 Annotated Code of Maryland  
24 (1994 Replacement Volume and 1996 Supplement)

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

27 **Article - Tax - Property**

28 6-305.

29 (a) IN THIS SECTION, "SETOFF" MEANS:

2

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

4 (2) A PAYMENT TO A MUNICIPAL CORPORATION TO AID THE  
5 MUNICIPAL CORPORATION IN FUNDING SERVICES OR PROGRAMS THAT ARE  
6 SIMILAR TO COUNTY SERVICES OR PROGRAMS.

7 (B) This section applies only in:

8 (1) Allegany County;

9 (2) Anne Arundel County;

10 (3) Baltimore County;

11 (4) CALVERT COUNTY;

12 (5) CAROLINE COUNTY;

13 (6) CARROLL COUNTY;

14 (7) CECIL COUNTY;

15 (8) CHARLES COUNTY;

16 (9) FREDERICK COUNTY;

17 (10) Garrett County;

18 [(5)] (11) Harford County;

19 [(6)] (12) Howard County;

20 (13) KENT COUNTY;

21 [(7)] (14) Montgomery County; [and]

22 [(8)] (15) Prince George's County;

23 (16) QUEEN ANNE'S COUNTY;

24 (17) ST. MARY'S COUNTY; AND

25 (18) WASHINGTON COUNTY.

26 [(b)] (C) The governing body of the county shall [meet annually and] discuss  
27 with the governing body of any municipal corporation in the county the county property  
28 tax rate to be set for assessments of property in the municipal corporation AS PROVIDED  
29 IN THIS SECTION. [After the meeting if] IF it can be demonstrated that a municipal  
30 corporation performs services or programs instead of similar county services or programs,  
31 the governing body of the county shall impose the county property tax on assessments of  
32 property in the municipal corporation at a rate that is less than the general county  
33 property tax rate.

3

1 [(c)] (D) In determining the county property tax rate to be set for assessments of  
2 property in a municipal corporation, the governing body of the county shall consider:

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

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

7 [(d)] (E) The county property tax rate for assessments of property located in a  
8 municipal corporation is not required to be:

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

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

12 [(e)] (F) Instead of imposing a county property tax at a lesser rate for assessments  
13 of property in a municipal corporation, the governing body of the county may make a  
14 payment to a municipal corporation to aid the municipal corporation in funding  
15 municipal corporation services or programs that are similar to county services or  
16 programs.

17 (G) (1) AT LEAST 6 MONTHS BEFORE THE DATE THAT THE ANNUAL  
18 COUNTY BUDGET IS REQUIRED TO BE APPROVED, A COUNTY AND EACH MUNICIPAL  
19 CORPORATION IN THE COUNTY THAT DESIRES A PROPERTY TAX SETOFF SHALL  
20 SUBMIT TO EACH OTHER A PROPOSAL THAT STATES THE DESIRED LEVEL OF  
21 PROPERTY TAX SETOFF FOR THE NEXT FISCAL YEAR.

22 (2) AFTER RECEIVING A PROPOSAL FROM A MUNICIPAL CORPORATION  
23 REQUESTING A SETOFF, THE GOVERNING BODY OF THE COUNTY SHALL PROMPTLY  
24 SUBMIT TO THE MUNICIPAL CORPORATION FINANCIAL RECORDS AND OTHER  
25 DOCUMENTATION REGARDING COUNTY REVENUES AND EXPENDITURES.

26 (H) (1) (I) A COUNTY OR MUNICIPAL CORPORATION MAY REQUEST THAT  
27 A MEDIATOR FROM THE OFFICE OF ADMINISTRATIVE HEARINGS BE APPOINTED TO  
28 WORK WITH THE AFFECTED PARTIES.

29 (II) THE COSTS SHALL BE PAID BY THE PARTY REQUESTING THE  
30 MEDIATION UP TO A MAXIMUM OF \$2,000.

31 (2) (I) A COUNTY AND A MUNICIPAL CORPORATION MAY JOINTLY  
32 AGREE TO PURSUE AN ALTERNATIVE DISPUTE RESOLUTION PROCEDURE.

33 (II) THE COSTS SHALL BE PAID EQUALLY BY THE PARTIES.

34 (I) (1) AT LEAST 3 MONTHS BEFORE THE DATE THAT THE ANNUAL  
35 COUNTY BUDGET IS REQUIRED TO BE APPROVED, THE COUNTY COMMISSIONERS  
36 OR THE COUNTY EXECUTIVE OF A CHARTER COUNTY SHALL SUBMIT A FINAL  
37 PROPOSAL TO EACH MUNICIPAL CORPORATION THAT HAS REQUESTED A SETOFF.

1 (2) THE FINAL PROPOSAL SHALL CONTAIN AN EXPLANATION OF THE  
2 LEVEL OF PROPERTY TAX SETOFF THAT HAS BEEN RECOMMENDED FOR APPROVAL  
3 TO THE GOVERNING BODY OF THE COUNTY.

4 (J) (1) AT LEAST 45 DAYS BEFORE THE DATE THAT THE ANNUAL COUNTY  
5 BUDGET IS REQUIRED TO BE APPROVED, THE GOVERNING BODY SHALL TAKE FINAL  
6 ACTION ON ITS PROPOSED SETOFFS AND NOTIFY EACH MUNICIPAL CORPORATION  
7 THAT HAS REQUESTED A SETOFF OF THE EXACT PROPERTY TAX SETOFF THAT IT  
8 HAS ADOPTED FOR THAT MUNICIPAL CORPORATION AS PART OF ITS ANNUAL  
9 BUDGET AND TAX RATE SETTING PROCESS.

10 (2) IF THE GOVERNING BODY OF A MUNICIPAL CORPORATION OR A  
11 CITIZEN OF A MUNICIPAL CORPORATION IS DISSATISFIED WITH THE LEVEL OF  
12 PROPERTY TAX SETOFF APPROVED BY A COUNTY GOVERNING BODY, THE  
13 GOVERNING BODY OF THE MUNICIPAL CORPORATION OR CITIZEN MAY APPEAL  
14 THIS RESULT TO THE CIRCUIT COURT.

15 (K) (1) IF THE GOVERNING BODY OF THE COUNTY FAILS TO MEET THE  
16 REQUIRED DEADLINE IN SUBSECTION (I) OF THIS SECTION:

17 (I) THE PROPERTY TAX SETOFF SHALL BE SET AT 105% OF THE  
18 LEVEL OF THE SETOFF DURING THE PRECEDING YEAR; OR

19 (II) THE MUNICIPAL CORPORATION MAY PETITION THE CIRCUIT  
20 COURT FOR THE COUNTY FOR A RULING ON THE APPROPRIATE LEVEL OF THE  
21 PROPERTY TAX SETOFF.

22 (2) IF THE MUNICIPAL CORPORATION PETITIONS THE CIRCUIT COURT  
23 FOR THE COUNTY, THE CIRCUIT COURT SHALL ESTABLISH THE APPROPRIATE  
24 LEVEL OF PROPERTY TAX SETOFF WHICH MAY NOT BE LESS THAN 105% OF THE  
25 LEVEL OF THE PROPERTY TAX SETOFF PROVIDED DURING THE PRECEDING YEAR.

26 6-306.

27 (a) IN THIS SECTION, "SETOFF" MEANS:

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

31 (2) A PAYMENT TO A MUNICIPAL CORPORATION TO AID THE  
32 MUNICIPAL CORPORATION IN FUNDING SERVICES OR PROGRAMS THAT ARE  
33 SIMILAR TO COUNTY SERVICES OR PROGRAMS.

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

35 [(b)] (C) The governing body of the county shall [meet annually and] discuss  
36 with the governing body of any municipal corporation in the county the county property  
37 tax rate to be set for assessments of property in the municipal corporation IN  
38 ACCORDANCE WITH THE PROCEDURES DESCRIBED IN THIS SECTION. [After the  
39 meeting if] IF a municipal corporation performs services or programs instead of similar  
40 county services or programs, the governing body of the county may impose the county

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1 property tax on assessments of property in the municipal corporation at a rate that is less  
2 than the general county property tax rate.

3 [(c)] (D) In determining the county property tax rate to be set for assessments of  
4 property in a municipal corporation, the governing body of the county may consider:

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

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

9 [(d)] (E) The county property tax rate for assessments of property located in a  
10 municipal corporation is not required to be:

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

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

14 [(e)] (F) Instead of imposing a county property tax at a lesser rate for assessments  
15 of property in a municipal corporation, the governing body of the county may make a  
16 payment to a municipal corporation to aid the municipal corporation in funding  
17 municipal corporation services or programs that are similar to county services or  
18 programs.

19 (G) (1) AT LEAST 6 MONTHS BEFORE THE DATE THAT THE ANNUAL  
20 COUNTY BUDGET IS REQUIRED TO BE APPROVED, A COUNTY AND EACH MUNICIPAL  
21 CORPORATION IN THE COUNTY THAT DESIRES A PROPERTY TAX SETOFF SHALL  
22 SUBMIT TO EACH OTHER A PROPOSAL THAT STATES THE DESIRED LEVEL OF  
23 PROPERTY TAX SETOFF FOR THE NEXT FISCAL YEAR.

24 (2) AFTER RECEIVING A PROPOSAL FROM A MUNICIPAL CORPORATION  
25 REQUESTING A SETOFF, THE GOVERNING BODY OF THE COUNTY SHALL PROMPTLY  
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29 A MEDIATOR FROM THE OFFICE OF ADMINISTRATIVE HEARINGS BE APPOINTED TO  
30 WORK WITH THE AFFECTED PARTIES.

31 (II) THE COSTS SHALL BE PAID BY THE PARTY REQUESTING THE  
32 MEDIATION UP TO A MAXIMUM OF \$2,000.

33 (2) (I) A COUNTY AND A MUNICIPAL CORPORATION MAY JOINTLY  
34 AGREE TO PURSUE AN ALTERNATIVE DISPUTE RESOLUTION PROCEDURE.

35 (II) THE COSTS SHALL BE PAID EQUALLY BY THE PARTIES.

36 (I) (1) AT LEAST 3 MONTHS BEFORE THE DATE THAT THE ANNUAL  
37 COUNTY BUDGET IS REQUIRED TO BE APPROVED, THE COUNTY COMMISSIONERS  
38 OR THE COUNTY EXECUTIVE OF A CHARTER COUNTY SHALL SUBMIT A FINAL  
39 PROPOSAL TO EACH MUNICIPAL CORPORATION THAT HAS REQUESTED A SETOFF.

1                   (2) THE FINAL PROPOSAL SHALL CONTAIN AN EXPLANATION OF THE  
2 LEVEL OF PROPERTY TAX SETOFF THAT HAS BEEN RECOMMENDED FOR APPROVAL  
3 TO THE GOVERNING BODY OF THE COUNTY.

4                   (J) (1) AT LEAST 45 DAYS BEFORE THE DATE THAT THE ANNUAL COUNTY  
5 BUDGET IS REQUIRED TO BE APPROVED, THE GOVERNING BODY SHALL TAKE FINAL  
6 ACTION ON ITS PROPOSED SETOFFS AND NOTIFY EACH MUNICIPAL CORPORATION  
7 THAT HAS REQUESTED A SETOFF OF THE EXACT PROPERTY TAX SETOFF THAT IT  
8 HAS ADOPTED FOR THAT MUNICIPAL CORPORATION AS PART OF ITS ANNUAL  
9 BUDGET AND TAX RATE SETTING PROCESS.

10                   (2) IF A MUNICIPAL GOVERNING BODY OR A CITIZEN OF A MUNICIPAL  
11 CORPORATION IS DISSATISFIED WITH THE LEVEL OF PROPERTY TAX SETOFF  
12 APPROVED BY A COUNTY GOVERNING BODY, THE GOVERNING BODY OR CITIZEN  
13 MAY APPEAL THIS RESULT TO THE CIRCUIT COURT.

14 6-307.

15                   The governing body of Anne Arundel County or of Howard County may not impose  
16 a county property tax on property of a resident of a municipal corporation for any service  
17 that the municipal corporation provides for the resident.

18                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
19 October 1, 1997.