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By: **Delegates Healey, Bozman, Muse, and McKee (Task Force to Study  
County Property Tax Setoffs and Related Fiscal Issues)**

Introduced and read first time: January 23, 1998

Assigned to: Ways and Means

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A BILL ENTITLED

1 AN ACT concerning

2 **Property Tax Setoffs in Municipal Corporations**

3 FOR the purpose of providing for certain procedures to be followed by counties and  
4 municipal corporations in connection with certain property tax setoffs for  
5 property located in municipal corporations; authorizing a county and one or  
6 more municipal corporations to enter into certain agreements; defining certain  
7 terms; and generally relating to procedures for determining property tax setoffs  
8 for property located in municipal corporations.

9 BY repealing and reenacting, with amendments,  
10 Article - Tax - Property  
11 Section 6-305 and 6-306  
12 Annotated Code of Maryland  
13 (1994 Replacement Volume and 1997 Supplement)

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

16 **Article - Tax - Property**

17 6-305.

18 (a) IN THIS SECTION, "TAX SETOFF" MEANS:

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

22 (2) A PAYMENT TO A MUNICIPAL CORPORATION TO AID THE MUNICIPAL  
23 CORPORATION IN FUNDING SERVICES OR PROGRAMS THAT ARE SIMILAR TO COUNTY  
24 SERVICES OR PROGRAMS.

25 (B) This section applies only in:

26 (1) Allegany County;

- 1 (2) Anne Arundel County;
- 2 (3) Baltimore County;
- 3 (4) Garrett County;
- 4 (5) Harford County;
- 5 (6) Howard County;
- 6 (7) Montgomery County; and
- 7 (8) Prince George's County.

8 [(b)] (C) The governing body of the county shall meet [annually] and discuss  
9 with the governing body of any municipal corporation in the county the county  
10 property tax rate to be set for assessments of property in the municipal corporation AS  
11 PROVIDED IN THIS SECTION. After the meeting if it can be demonstrated that a  
12 municipal corporation performs services or programs instead of similar county  
13 services or programs, the governing body of the county shall [impose the county  
14 property tax on assessments of property in the municipal corporation at a rate that is  
15 less than the general county property tax rate] GRANT A TAX SETOFF TO THE  
16 MUNICIPAL CORPORATION.

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

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

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

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

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

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

29 [(e)] Instead of imposing a county property tax at a lesser rate for assessments  
30 of property in a municipal corporation, the governing body of the county may make a  
31 payment to a municipal corporation to aid the municipal corporation in funding  
32 municipal corporation services or programs that are similar to county services or  
33 programs.]

34 (F) (1) AT LEAST 180 DAYS BEFORE THE DATE THAT THE ANNUAL COUNTY  
35 BUDGET IS REQUIRED TO BE APPROVED, ANY MUNICIPAL CORPORATION IN THE  
36 COUNTY THAT DESIRES THAT A TAX SETOFF BE PROVIDED SHALL SUBMIT TO THE

1 COUNTY A PROPOSAL THAT STATES THE DESIRED LEVEL OF PROPERTY TAX SETOFF  
2 FOR THE NEXT FISCAL YEAR.

3 (2) (I) A REQUEST SUBMITTED UNDER PARAGRAPH (1) OF THIS  
4 SUBSECTION SHALL BE ACCOMPANIED BY:

5 1. A DESCRIPTION OF THE SCOPE AND NATURE OF THE  
6 SERVICES OR PROGRAMS PROVIDED BY THE MUNICIPAL CORPORATION INSTEAD OF  
7 SIMILAR SERVICES OR PROGRAMS PROVIDED BY THE COUNTY; AND

8 2. FINANCIAL RECORDS AND OTHER DOCUMENTATION  
9 REGARDING MUNICIPAL REVENUES AND EXPENDITURES.

10 (II) THE MATERIALS SUBMITTED UNDER SUBPARAGRAPH (I) OF  
11 THIS PARAGRAPH SHALL PROVIDE SUFFICIENT DETAIL FOR AN ASSESSMENT OF THE  
12 SIMILAR SERVICES OR PROGRAMS.

13 (3) AFTER RECEIVING A PROPOSAL FROM A MUNICIPAL CORPORATION  
14 REQUESTING A TAX SETOFF UNDER THIS SUBSECTION, THE GOVERNING BODY OF  
15 THE COUNTY SHALL PROMPTLY SUBMIT TO THE MUNICIPAL CORPORATION  
16 FINANCIAL RECORDS AND OTHER DOCUMENTATION REGARDING COUNTY  
17 REVENUES AND EXPENDITURES.

18 (G) (1) AT LEAST 90 DAYS BEFORE THE DATE THAT THE ANNUAL COUNTY  
19 BUDGET IS REQUIRED TO BE APPROVED, THE COUNTY AND ANY MUNICIPAL  
20 CORPORATION SUBMITTING A TAX SETOFF REQUEST UNDER SUBSECTION (F) OF  
21 THIS SECTION SHALL DESIGNATE APPROPRIATE POLICY AND FISCAL OFFICERS OR  
22 REPRESENTATIVES TO MEET AND DISCUSS THE NATURE OF THE TAX SETOFF  
23 REQUEST, RELEVANT FINANCIAL INFORMATION OF THE COUNTY AND MUNICIPAL  
24 CORPORATION, AND THE SCOPE AND NATURE OF SERVICES PROVIDED BY BOTH  
25 ENTITIES.

26 (2) A MEETING HELD UNDER PARAGRAPH (1) OF THIS SUBSECTION MAY  
27 BE HELD BY THE COUNTY REPRESENTATIVES JOINTLY WITH REPRESENTATIVES  
28 FROM MORE THAN ONE MUNICIPAL CORPORATION.

29 (3) (I) THE COUNTY OFFICERS OR REPRESENTATIVES MAY REQUEST  
30 FROM THE MUNICIPAL CORPORATION OFFICERS OR REPRESENTATIVES ADDITIONAL  
31 INFORMATION THAT MAY REASONABLY BE NEEDED TO ASSESS THE TAX SETOFF.

32 (II) THE MUNICIPAL CORPORATION OFFICERS OR  
33 REPRESENTATIVES SHALL PROVIDE THE ADDITIONAL INFORMATION  
34 EXPEDITIOUSLY.

35 (H) (1) AT OR BEFORE THE TIME THE PROPOSED COUNTY BUDGET IS  
36 RELEASED TO THE PUBLIC, THE COUNTY COMMISSIONERS, THE COUNTY EXECUTIVE  
37 OF A CHARTER COUNTY, OR THE COUNTY COUNCIL OF A CHARTER COUNTY WITHOUT  
38 A COUNTY EXECUTIVE SHALL SUBMIT A STATEMENT OF INTENT TO EACH  
39 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  
3 SETOFF;

4 (II) A DESCRIPTION OF THE INFORMATION OR PROCESS USED TO  
5 DETERMINE THE LEVEL OF THE PROPOSED TAX SETOFF; AND

6 (III) AN INDICATION THAT, BEFORE THE BUDGET IS ENACTED,  
7 APPROPRIATE OFFICIALS OR REPRESENTATIVES OF THE MUNICIPAL CORPORATION  
8 ARE ENTITLED TO APPEAR BEFORE THE COUNTY GOVERNING BODY TO DISCUSS OR  
9 CONTEST THE LEVEL OF THE PROPOSED TAX SETOFF.

10 (I) REPRESENTATIVES OF EACH MUNICIPAL CORPORATION IN THE COUNTY  
11 REQUESTING A TAX SETOFF SHALL BE AFFORDED AN OPPORTUNITY TO TESTIFY  
12 BEFORE THE COUNTY GOVERNING BODY DURING NORMALLY SCHEDULED  
13 HEARINGS ON THE COUNTY'S PROPOSED BUDGET.

14 (J) NOTWITHSTANDING THE PROVISIONS OF SUBSECTIONS (D), (F), AND (G) OF  
15 THIS SECTION:

16 (1) A COUNTY AND ONE OR MORE MUNICIPAL CORPORATIONS MAY  
17 ENTER INTO AN AGREEMENT SETTING DIFFERENT TERMS OR TIMING FOR  
18 NEGOTIATIONS, CALCULATIONS, OR APPROVAL OF A TAX SETOFF; AND

19 (2) A COUNTY MAY GRANT A TAX SETOFF TO A MUNICIPAL  
20 CORPORATION THAT DOES NOT MAKE A REQUEST IN THE FASHION DESCRIBED IN  
21 THIS SECTION.

22 6-306.

23 (a) IN THIS SECTION, "TAX SETOFF" MEANS:

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

27 (2) A PAYMENT TO A MUNICIPAL CORPORATION TO AID THE MUNICIPAL  
28 CORPORATION IN FUNDING SERVICES OR PROGRAMS THAT ARE SIMILAR TO COUNTY  
29 SERVICES OR PROGRAMS.

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

31 [(b)] (C) The governing body of the county shall meet [annually] and discuss  
32 with the governing body of any municipal corporation in the county the county  
33 property tax rate to be set for assessments of property in the municipal corporation AS  
34 PROVIDED IN THIS SECTION. After the meeting if a municipal corporation performs  
35 services or programs instead of similar county services or programs, the governing  
36 body of the county may [impose the county property tax on assessments of property in

1 the municipal corporation at a rate that is less than the general county property tax  
2 rate] GRANT A TAX SETOFF TO THE MUNICIPAL CORPORATION.

3 [(c)] (D) In determining the county property tax rate to be set for assessments  
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36 THE COUNTY SHALL PROMPTLY SUBMIT TO THE MUNICIPAL CORPORATION

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3 (G) (1) AT LEAST 90 DAYS BEFORE THE DATE THAT THE ANNUAL COUNTY  
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7 REPRESENTATIVES TO MEET AND DISCUSS THE NATURE OF THE TAX SETOFF  
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9 CORPORATION, AND THE SCOPE AND NATURE OF SERVICES PROVIDED BY BOTH  
10 ENTITIES.

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38 (J) NOTWITHSTANDING THE PROVISIONS OF SUBSECTIONS (D), (F), AND (G) OF  
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2 ENTER INTO AN AGREEMENT SETTING DIFFERENT TERMS OR TIMING FOR  
3 NEGOTIATIONS, CALCULATIONS, OR APPROVAL OF A TAX SETOFF; AND

4           (2)     A COUNTY MAY GRANT A TAX SETOFF TO A MUNICIPAL  
5 CORPORATION THAT DOES NOT MAKE A REQUEST IN THE FASHION DESCRIBED IN  
6 THIS SECTION.

7     SECTION 2.  AND BE IT FURTHER ENACTED, That this Act shall take  
8 effect July 1, 1998.