

HOUSE BILL 216

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Q1

1998 Regular Session  
8r0959  
CF 8r0958

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

Introduced and read first time: January 23, 1998  
Assigned to: Ways and Means

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Committee Report: Favorable with amendments  
House action: Adopted  
Read second time: February 24, 1998

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CHAPTER \_\_\_\_\_

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:

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 MUNICIPAL  
5 CORPORATION IN FUNDING SERVICES OR PROGRAMS THAT ARE SIMILAR TO COUNTY  
6 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) Garrett County;

12 (5) Harford County;

13 (6) Howard County;

14 (7) Montgomery County; and

15 (8) Prince George's County.

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

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

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

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

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

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

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

2 [(e) Instead of imposing a county property tax at a lesser rate for assessments  
3 of property in a municipal corporation, the governing body of the county may make a  
4 payment to a municipal corporation to aid the municipal corporation in funding  
5 municipal corporation services or programs that are similar to county services or  
6 programs.]

7 (F) (1) AT LEAST 180 DAYS BEFORE THE DATE THAT THE ANNUAL COUNTY  
8 BUDGET IS REQUIRED TO BE APPROVED, ANY MUNICIPAL CORPORATION IN THE  
9 COUNTY THAT DESIRES THAT A TAX SETOFF BE PROVIDED SHALL SUBMIT TO THE  
10 COUNTY A PROPOSAL THAT STATES THE DESIRED LEVEL OF PROPERTY TAX SETOFF  
11 FOR THE NEXT FISCAL YEAR.

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

14 1. A DESCRIPTION OF THE SCOPE AND NATURE OF THE  
15 SERVICES OR PROGRAMS PROVIDED BY THE MUNICIPAL CORPORATION INSTEAD OF  
16 SIMILAR SERVICES OR PROGRAMS PROVIDED BY THE COUNTY; AND

17 2. FINANCIAL RECORDS AND OTHER DOCUMENTATION  
18 REGARDING MUNICIPAL REVENUES AND EXPENDITURES.

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

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

27 (G) (1) AT LEAST 90 DAYS BEFORE THE DATE THAT THE ANNUAL COUNTY  
28 BUDGET IS REQUIRED TO BE APPROVED, THE COUNTY AND ANY MUNICIPAL  
29 CORPORATION SUBMITTING A TAX SETOFF REQUEST UNDER SUBSECTION (F) OF  
30 THIS SECTION SHALL DESIGNATE APPROPRIATE POLICY AND FISCAL OFFICERS OR  
31 REPRESENTATIVES TO MEET AND DISCUSS THE NATURE OF THE TAX SETOFF  
32 REQUEST, RELEVANT FINANCIAL INFORMATION OF THE COUNTY AND MUNICIPAL  
33 CORPORATION, AND THE SCOPE AND NATURE OF SERVICES PROVIDED BY BOTH  
34 ENTITIES.

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

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

1 (II) THE MUNICIPAL CORPORATION OFFICERS OR  
2 REPRESENTATIVES SHALL PROVIDE THE ADDITIONAL INFORMATION  
3 EXPEDITIOUSLY.

4 (H) (1) AT OR BEFORE THE TIME THE PROPOSED COUNTY BUDGET IS  
5 RELEASED TO THE PUBLIC, THE COUNTY COMMISSIONERS, THE COUNTY EXECUTIVE  
6 OF A CHARTER COUNTY, OR THE COUNTY COUNCIL OF A CHARTER COUNTY WITHOUT  
7 A COUNTY EXECUTIVE SHALL SUBMIT A STATEMENT OF INTENT TO EACH  
8 MUNICIPAL CORPORATION THAT HAS REQUESTED A TAX SETOFF.

9 (2) THE STATEMENT OF INTENT SHALL CONTAIN:

10 (I) AN EXPLANATION OF THE LEVEL OF THE PROPOSED TAX  
11 SETOFF;

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

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

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

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

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

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

30 6-306.

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

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

35 (2) A PAYMENT TO A MUNICIPAL CORPORATION TO AID THE MUNICIPAL  
36 CORPORATION IN FUNDING SERVICES OR PROGRAMS THAT ARE SIMILAR TO COUNTY  
37 SERVICES OR PROGRAMS.

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

2 [(b)] (C) The governing body of the county shall meet [annually] and discuss  
3 with the governing body of any municipal corporation in the county the county  
4 property tax rate to be set for assessments of property in the municipal corporation AS  
5 PROVIDED IN THIS SECTION. After the meeting if a municipal corporation performs  
6 services or programs instead of similar county services or programs, the governing  
7 body of the county may [impose the county property tax on assessments of property in  
8 the municipal corporation at a rate that is less than the general county property tax  
9 rate] GRANT A TAX SETOFF TO THE MUNICIPAL CORPORATION.

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

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13 REPRESENTATIVES TO MEET AND DISCUSS THE NATURE OF THE TAX SETOFF  
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15 CORPORATION, AND THE SCOPE AND NATURE OF SERVICES PROVIDED BY BOTH  
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9 NEGOTIATIONS, CALCULATIONS, OR APPROVAL OF A TAX SETOFF; AND

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

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