

SENATE BILL 113

Unofficial Copy
Q1

1998 Regular Session
8r0958
CF 8r0959

By: **Senators Middleton, Neall, and Munson (Task Force to Study County
Property Tax Setoffs and Related Fiscal Issues)**

Introduced and read first time: January 20, 1998

Assigned to: Budget and Taxation

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
4 of 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
8 property tax revenues.

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10 municipal corporation is not required to be:

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

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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
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18 programs.]

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3 (G) (1) AT LEAST 90 DAYS BEFORE THE DATE THAT THE ANNUAL COUNTY
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8 REQUEST, RELEVANT FINANCIAL INFORMATION OF THE COUNTY AND MUNICIPAL
9 CORPORATION, AND THE SCOPE AND NATURE OF SERVICES PROVIDED BY BOTH
10 ENTITIES.

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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.