

SENATE BILL 113

Unofficial Copy
Q1

1998 Regular Session
8lr0958
CF 8lr0959

By: **Senators Middleton, Neall, and Munson (Task Force to Study County Property Tax Setoffs and Related Fiscal Issues) and Senators Green, Trotter, Pinsky, Forehand, Currie, Lawlah, Craig, Colburn, Dvson, Conway, Van Hollen, and Stoltzfus**

Introduced and read first time: January 20, 1998
Assigned to: Budget and Taxation

Committee Report: Favorable
Senate action: Adopted with floor amendments
Read second time: February 5, 1998

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:

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

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

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

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

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

21 [(e)] Instead of imposing a county property tax at a lesser rate for assessments
22 of property in a municipal corporation, the governing body of the county may make a
23 payment to a municipal corporation to aid the municipal corporation in funding
24 municipal corporation services or programs that are similar to county services or
25 programs.]

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

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

33 1. A DESCRIPTION OF THE SCOPE AND NATURE OF THE
34 SERVICES OR PROGRAMS PROVIDED BY THE MUNICIPAL CORPORATION INSTEAD OF
35 SIMILAR SERVICES OR PROGRAMS PROVIDED BY THE COUNTY; AND

36 2. FINANCIAL RECORDS AND OTHER DOCUMENTATION
37 REGARDING MUNICIPAL REVENUES AND EXPENDITURES.

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

4 (3) AFTER RECEIVING A PROPOSAL FROM A MUNICIPAL CORPORATION
5 REQUESTING A TAX SETOFF UNDER THIS SUBSECTION, THE GOVERNING BODY OF
6 THE COUNTY SHALL PROMPTLY SUBMIT TO THE MUNICIPAL CORPORATION
7 FINANCIAL RECORDS AND OTHER DOCUMENTATION REGARDING COUNTY
8 REVENUES AND EXPENDITURES.

9 (G) (1) AT LEAST 90 DAYS BEFORE THE DATE THAT THE ANNUAL COUNTY
10 BUDGET IS REQUIRED TO BE APPROVED, THE COUNTY AND ANY MUNICIPAL
11 CORPORATION SUBMITTING A TAX SETOFF REQUEST UNDER SUBSECTION (F) OF
12 THIS SECTION SHALL DESIGNATE APPROPRIATE POLICY AND FISCAL OFFICERS OR
13 REPRESENTATIVES TO MEET AND DISCUSS THE NATURE OF THE TAX SETOFF
14 REQUEST, RELEVANT FINANCIAL INFORMATION OF THE COUNTY AND MUNICIPAL
15 CORPORATION, AND THE SCOPE AND NATURE OF SERVICES PROVIDED BY BOTH
16 ENTITIES.

17 (2) A MEETING HELD UNDER PARAGRAPH (I) OF THIS SUBSECTION MAY
18 BE HELD BY THE COUNTY REPRESENTATIVES JOINTLY WITH REPRESENTATIVES
19 FROM MORE THAN ONE MUNICIPAL CORPORATION.

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

23 (II) THE MUNICIPAL CORPORATION OFFICERS OR
24 REPRESENTATIVES SHALL PROVIDE THE ADDITIONAL INFORMATION
25 EXPEDITIOUSLY.

26 (H) (1) AT OR BEFORE THE TIME THE PROPOSED COUNTY BUDGET IS
27 RELEASED TO THE PUBLIC, THE COUNTY COMMISSIONERS, THE COUNTY EXECUTIVE
28 OF A CHARTER COUNTY, OR THE COUNTY COUNCIL OF A CHARTER COUNTY WITHOUT
29 A COUNTY EXECUTIVE SHALL SUBMIT A STATEMENT OF INTENT TO EACH
30 MUNICIPAL CORPORATION THAT HAS REQUESTED A TAX SETOFF.

31 (2) THE STATEMENT OF INTENT SHALL CONTAIN:

32 (I) AN EXPLANATION OF THE LEVEL OF THE PROPOSED TAX
33 SETOFF;

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

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

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

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

7 (1) A COUNTY AND ONE OR MORE MUNICIPAL CORPORATIONS MAY
8 ENTER INTO AN AGREEMENT SETTING DIFFERENT TERMS OR TIMING FOR
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.