

---

By: **Washington County Delegation**  
Introduced and read first time: February 18, 2003  
Assigned to: Rules and Executive Nominations

---

A BILL ENTITLED

1 AN ACT concerning

2 **Washington County Growth Management Act of 2003**

3 FOR the purpose of authorizing the County Commissioners of Washington County to  
4 fix and impose, by ordinance, a building excise tax on all types of building  
5 construction; requiring the County Commissioners to specify in the ordinance  
6 the types of building construction subject to the building excise tax and the tax  
7 rates; authorizing the County Commissioners to impose different tax rates of the  
8 building excise tax based on the square footage of certain construction, housing  
9 or building type, and certain zoning classifications; limiting the rate of the  
10 building excise tax for a certain period of time; requiring the revenues from the  
11 building excise tax to be deposited in a special fund; providing that the revenues  
12 from the building excise tax may only be used for certain purposes; providing an  
13 exemption from the building excise tax for certain construction intended for  
14 agricultural or farm use under certain circumstances; authorizing the County  
15 Commissioners to provide for certain exemptions to the building excise tax;  
16 requiring municipal corporations in Washington County to assist the county in  
17 the collection of the building excise tax within the municipal corporations;  
18 authorizing the County Commissioners to fix and impose, by ordinance, a  
19 transfer tax on certain instruments of writing; providing that the transfer tax  
20 rate may not exceed a certain amount for certain fiscal years; requiring the  
21 revenues from the transfer tax to be deposited in a special fund; requiring  
22 certain transfer tax revenues to be used for certain agricultural land  
23 preservation; providing that the revenues from the transfer tax may only be  
24 used for certain purposes; providing certain exemptions from the transfer tax;  
25 authorizing the County Commissioners to provide for certain exemptions to the  
26 transfer tax; authorizing the governing body of Washington County to grant a  
27 property tax credit against the county property tax imposed on renovated or  
28 rehabilitated business real property located in a priority funding area, as  
29 designated under certain provisions of law; authorizing the governing body of  
30 Washington County to provide for certain conditions relating to the credit;  
31 limiting the amount and duration of the credit; providing that the Clerk of the  
32 Circuit Court for Washington County is not entitled to collect a certain fee for  
33 collecting certain county transfer taxes under certain circumstances; repealing  
34 certain authority for the County Commissioners of Washington County to  
35 impose development impact fees; defining certain terms; providing for the

1 application of this Act; and generally relating to authorizing the County  
2 Commissioners of Washington County to impose certain taxes.

3 BY repealing

4 Article 25 - County Commissioners  
5 Section 9K  
6 Annotated Code of Maryland  
7 (2001 Replacement Volume and 2002 Supplement)

8 BY adding to

9 The Public Local Laws of Washington County  
10 Section 2-701 and 2-702 to be under the new subtitle "Subtitle 7. Taxes"  
11 Article 22 - Public Local Laws of Maryland  
12 (1991 Edition and December 1997 Supplement, as amended)

13 BY repealing and reenacting, without amendments,

14 Article - Courts and Judicial Proceedings  
15 Section 2-213(a)  
16 Annotated Code of Maryland  
17 (2002 Replacement Volume)

18 BY adding to

19 Article - Courts and Judicial Proceedings  
20 Section 2-213(i)  
21 Annotated Code of Maryland  
22 (2002 Replacement Volume)

23 BY adding to

24 Article - Tax - Property  
25 Section 9-323(e)  
26 Annotated Code of Maryland  
27 (2001 Replacement Volume and 2002 Supplement)

28 Preamble

29 WHEREAS, The citizens of Washington County seek to: (1) obtain the highest  
30 quality in their schools, (2) have dependable access to public safety, and (3) protect  
31 and preserve the rural quality of the county; and

32 WHEREAS, A recent facilities assessment of the Washington County schools  
33 indicated 12 schools are suffering from inferior structural deficiencies -- 11 of which  
34 are elementary schools -- and in drastic need of costly renovations; and

35 WHEREAS, The technology utilized for public safety is vastly outdated in  
36 Washington County and the Sheriff's department is currently understaffed; and

1 WHEREAS, The citizens of Washington County envision a reasonable, planned  
2 rate of growth for their county to ensure that future growth will not become  
3 burdensome to the taxpayers of Washington County; and

4 WHEREAS, The importance of redevelopment throughout the urban areas of  
5 Washington County is recognized as vital for economic development in Washington  
6 County; and

7 WHEREAS, Washington County's agricultural heritage enhances the quality of  
8 life and enriches the lives of all of its citizens; and

9 WHEREAS, The business of agriculture in Washington County provides  
10 significant benefit to the community, and by preserving and nurturing its farmland,  
11 Washington County achieves greater economic development in its urban areas by  
12 containing sprawl throughout the rural parts of the county; now, therefore,

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

15 **Article 25 - County Commissioners**

16 [9K.

17 (a) In accordance with this section, the County Commissioners of Washington  
18 County, by ordinance or resolution, may fix, impose, and collect development impact  
19 fees for financing, in whole or in part, the capital costs of additional or expanded  
20 public works, improvements, and facilities required to accommodate new construction  
21 or development.

22 (b) Before the County Commissioners of Washington County may exercise the  
23 authority provided under subsection (a) of this section, the County Commissioners  
24 shall:

25 (1) Establish a department or division of public works for the County;

26 (2) Approve, at a formal meeting of the Board, an adequate facilities plan  
27 for the County; and

28 (3) Approve and adopt a plan for periodic review and modification of the  
29 county comprehensive plan and adequate facilities plan.

30 (c) (1) Prior to the adoption of the impact fee ordinance or resolution under  
31 subsection (a) of this section, the County Commissioners shall hold a public hearing  
32 on the proposal.

33 (2) At the hearing, the boundaries of the area that is to be subject to the  
34 impact fee shall be fully described.

35 (d) Any impact fee imposed by the County Commissioners under this section  
36 shall:

1 (1) Be levied only upon the property located within the district described  
2 in the ordinance or resolution;

3 (2) Be used only for additional or expanded public works, improvements,  
4 and facilities within that district; and

5 (3) Be returned pro rata, with interest, to the persons from whom the fee  
6 was collected (or the successors or assigns of such persons), if the money is not spent  
7 for the designated public works, improvements, and facilities within the district  
8 within 5 years from the date the fee is collected.]

9 **Article 22 - Washington County**

10 **SUBTITLE 7. TAXES.**

11 2-701.

12 (A) THE COUNTY COMMISSIONERS OF WASHINGTON COUNTY, BY ORDINANCE,  
13 MAY FIX, IMPOSE, AND COLLECT A BUILDING EXCISE TAX ON ANY BUILDING  
14 CONSTRUCTION WITHIN WASHINGTON COUNTY.

15 (B) (1) THE COUNTY COMMISSIONERS SHALL SPECIFY IN THE ORDINANCE  
16 THE:

17 (I) TYPES OF BUILDING CONSTRUCTION SUBJECT TO THE  
18 BUILDING EXCISE TAX; AND

19 (II) TAX RATES.

20 (2) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, THE  
21 COUNTY COMMISSIONERS MAY IMPOSE DIFFERENT RATES OF THE BUILDING EXCISE  
22 TAX BASED ON:

23 (I) THE SQUARE FOOTAGE OF THE BUILDING;

24 (II) THE HOUSING OR BUILDING TYPE; AND

25 (III) ZONING CLASSIFICATIONS CONSISTENT WITH GOALS OF THE  
26 COMPREHENSIVE PLAN OF WASHINGTON COUNTY.

27 (3) (I) FOR A FISCAL YEAR BEGINNING AFTER JUNE 30, 2003, BUT  
28 BEFORE JULY 1, 2008, THE COUNTY COMMISSIONERS MAY IMPOSE A BUILDING  
29 EXCISE TAX RATE NOT TO EXCEED \$1 PER SQUARE FOOT.

30 (II) FOR ALL FISCAL YEARS BEGINNING AFTER JUNE 30, 2008, THE  
31 COUNTY COMMISSIONERS MAY SET THE BUILDING EXCISE TAX RATE.

32 (C) (1) THE COUNTY DIRECTOR OF FINANCE SHALL DEPOSIT THE  
33 REVENUES FROM THE BUILDING EXCISE TAX INTO A SPECIAL FUND.

1 (2) THE REVENUES FROM THE BUILDING EXCISE TAX MAY ONLY BE  
2 USED FOR:

3 (I) SCHOOL RENOVATION AND CONSTRUCTION;

4 (II) PUBLIC SAFETY CAPITAL EXPENDITURES;

5 (III) PUBLIC INFRASTRUCTURE PROJECTS; AND

6 (IV) DEBT REDUCTION.

7 (D) (1) THE BUILDING EXCISE TAX DOES NOT APPLY TO CONSTRUCTION  
8 INTENDED TO BE ACTIVELY USED FOR FARM OR AGRICULTURAL USE SO LONG AS  
9 THE CONSTRUCTION CONTINUES TO BE ACTIVELY USED FOR FARM OR  
10 AGRICULTURAL USE.

11 (2) THE COUNTY COMMISSIONERS MAY PROVIDE FOR ADDITIONAL  
12 EXEMPTIONS TO THE BUILDING EXCISE TAX.

13 (E) A MUNICIPAL CORPORATION WITHIN WASHINGTON COUNTY SHALL  
14 ASSIST THE COUNTY COMMISSIONERS IN THE COLLECTION OF THE BUILDING  
15 EXCISE TAX WITHIN THE MUNICIPAL CORPORATION BY:

16 (1) COLLECTING AND REMITTING THE TAX TO THE COUNTY; OR

17 (2) REQUIRING THE TAX TO BE PAID TO THE COUNTY COMMISSIONERS  
18 IN ACCORDANCE WITH THE TERMS OF THE COUNTY ORDINANCE.

19 2-702.

20 (A) (1) IN THIS SECTION "INSTRUMENT OF WRITING" MEANS A WRITTEN  
21 INSTRUMENT THAT CONVEYS TITLE TO, OR A LEASEHOLD INTEREST IN, REAL  
22 PROPERTY.

23 (2) "INSTRUMENT OF WRITING" INCLUDES:

24 (I) A DEED OR CONTRACT;

25 (II) A LEASE;

26 (III) AN ASSIGNMENT OF A LESSEE'S INTEREST;

27 (IV) ARTICLES OF TRANSFER;

28 (V) ARTICLES OF MERGER OR OTHER DOCUMENT WHICH  
29 EVIDENCES A MERGER OF FOREIGN CORPORATIONS OR FOREIGN LIMITED  
30 PARTNERSHIPS; AND

31 (VI) ARTICLES OF CONSOLIDATION OR OTHER DOCUMENT WHICH  
32 EVIDENCES A CONSOLIDATION OF FOREIGN CORPORATIONS.

1 (3) "INSTRUMENT OF WRITING" DOES NOT INCLUDE:

2 (I) A MORTGAGE, DEED OF TRUST, OR OTHER CONTRACT THAT  
3 CREATES AN ENCUMBRANCE ON REAL PROPERTY; OR

4 (II) A SECURITY AGREEMENT, AS DEFINED IN § 12-101(E) OF THE  
5 TAX - PROPERTY ARTICLE OF THE ANNOTATED CODE OF MARYLAND.

6 (B) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE COUNTY  
7 COMMISSIONERS MAY FIX AND IMPOSE, BY ORDINANCE, A TRANSFER TAX ON AN  
8 INSTRUMENT OF WRITING:

9 (I) RECORDED WITH THE CLERK OF THE CIRCUIT COURT FOR  
10 WASHINGTON COUNTY; OR

11 (II) FILED WITH THE MARYLAND DEPARTMENT OF ASSESSMENTS  
12 AND TAXATION.

13 (2) THE COUNTY COMMISSIONERS MAY NOT IMPOSE A TRANSFER TAX  
14 UNLESS THE COUNTY IMPOSES A BUILDING EXCISE TAX AS AUTHORIZED UNDER §  
15 2-701 OF THIS SUBTITLE.

16 (C) THE TRANSFER TAX RATE UNDER THIS SECTION:

17 (1) SHALL BE ESTABLISHED BY ORDINANCE; AND

18 (2) MAY NOT EXCEED:

19 (I) 0.5% FOR A FISCAL YEAR BEGINNING AFTER JUNE 30, 2003, BUT  
20 BEFORE JULY 1, 2008; AND

21 (II) 1% FOR ALL FISCAL YEARS BEGINNING AFTER JUNE 30, 2008.

22 (D) (1) THE COUNTY DIRECTOR OF FINANCE SHALL DEPOSIT THE  
23 REVENUES FROM THE TRANSFER TAX INTO A SPECIAL FUND.

24 (2) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, THE  
25 REVENUES FROM THE TRANSFER TAX MAY BE USED ONLY FOR:

26 (I) SCHOOL RENOVATION AND CONSTRUCTION;

27 (II) PUBLIC SAFETY, INCLUDING GRANTS AND LOANS TO  
28 VOLUNTEER FIRE AND RESCUE COMPANIES FOR CAPITAL EXPENDITURES;

29 (III) TRANSPORTATION PROJECTS; AND

30 (IV) DEBT REDUCTION.

31 (3) FOR EACH FISCAL YEAR, AT LEAST \$400,000 OF THE REVENUES FROM  
32 THE TRANSFER TAX SHALL BE USED FOR AGRICULTURAL LAND PRESERVATION AND

1 OTHER MEASURES TO ENHANCE THE VIABILITY OF AGRICULTURE IN WASHINGTON  
2 COUNTY.

3 (E) (1) THE TRANSFER TAX DOES NOT APPLY TO:

4 (I) AN INSTRUMENT OF WRITING EXEMPT FROM THE STATE  
5 TRANSFER TAX UNDER § 13-207 OF THE TAX - PROPERTY ARTICLE OF THE  
6 ANNOTATED CODE OF MARYLAND; OR

7 (II) A TRANSFER OF LAND SUBJECT TO THE AGRICULTURAL LAND  
8 TRANSFER TAX UNDER TITLE 13, SUBTITLE 3 OF THE TAX - PROPERTY ARTICLE OF  
9 THE ANNOTATED CODE OF MARYLAND.

10 (2) THE COUNTY COMMISSIONERS MAY PROVIDE FOR ADDITIONAL  
11 EXEMPTIONS TO THE TRANSFER TAX, INCLUDING, BUT NOT LIMITED TO,  
12 EXEMPTIONS FOR:

13 (I) FIRST-TIME HOME BUYERS;

14 (II) SENIORS WHO ARE MOVING INTO LESS EXPENSIVE HOUSING;

15 (III) PROMOTING AFFORDABLE HOUSING; AND

16 (IV) REDEVELOPMENT OF PROPERTIES INSIDE THE URBAN  
17 GROWTH AREAS OF THE COUNTY.

18 **Article - Courts and Judicial Proceedings**

19 2-213.

20 (a) Except as otherwise provided in this section, the clerk of a circuit court is  
21 entitled to 5% of all public money that the clerk receives, collects, and pays over.

22 (I) NOTWITHSTANDING SUBSECTION (A) OF THIS SECTION, THE  
23 CLERK OF THE CIRCUIT COURT FOR WASHINGTON COUNTY IS NOT ENTITLED TO A  
24 COLLECTION FEE FOR COLLECTING THE COUNTY TRANSFER TAX UNDER § 2-702 OF  
25 THE PUBLIC LOCAL LAWS OF WASHINGTON COUNTY WHEN THE CLERK COLLECTS  
26 BOTH THE RECORDATION TAX UNDER TITLE 12 OF THE TAX - PROPERTY ARTICLE  
27 AND THE COUNTY TRANSFER TAX FOR THE FILING OF A SINGLE INSTRUMENT.

28 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
29 read as follows:

30 **Article - Tax - Property**

31 9-323.

32 (E) (1) THE GOVERNING BODY OF WASHINGTON COUNTY MAY GRANT A  
33 PROPERTY TAX CREDIT AGAINST THE COUNTY PROPERTY TAX IMPOSED ON  
34 RENOVATED OR REHABILITATED BUSINESS REAL PROPERTY LOCATED IN A PRIORITY

1 FUNDING AREA AS DESIGNATED IN TITLE 5, SUBTITLE 7B OF THE STATE FINANCE  
2 AND PROCUREMENT ARTICLE.

3 (2) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, THE  
4 GOVERNING BODY OF THE COUNTY MAY PROVIDE, BY LAW, FOR:

5 (I) THE AMOUNT OF THE CREDIT;

6 (II) THE DURATION OF THE CREDIT; AND

7 (III) ANY OTHER PROVISION NECESSARY TO ADMINISTER THE  
8 CREDIT.

9 (3) A TAX CREDIT UNDER THIS SUBSECTION MAY NOT EXCEED THE  
10 AMOUNT OF ADDITIONAL PROPERTY TAX ASSESSED AS A RESULT OF THE  
11 RENOVATION OR REHABILITATION.

12 (4) A TAX CREDIT UNDER THIS SUBSECTION IS AVAILABLE TO A  
13 QUALIFIED PROPERTY FOR NO MORE THAN 5 YEARS.

14 SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall  
15 take effect June 1, 2003 and shall be applicable to all taxable years beginning after  
16 June 30, 2003.

17 SECTION 4. AND BE IT FURTHER ENACTED, That, except as provided in  
18 Section 3 of this Act, this Act shall take effect July 1, 2003.