

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

House Bill 545 (Delegate Frush)
Ways and Means

**Local Government – Special Taxing Districts – Financing Infrastructure
Improvements**

This bill authorizes Anne Arundel, Calvert, Charles, Garrett, Howard, Prince George’s, Washington, and Wicomico counties to impose user fees to pay special taxing district obligations. The bill also authorizes these counties to adopt a resolution to create a special fund for a special taxing district even if the county does not issue bonds with respect to that special taxing district.

Further, the bill authorizes Prince George’s County to impose a user fee on consumers at the point of sale at mixed-use developments located adjacent to or in the immediate vicinity of Metrorail sites in the county to pay special taxing district obligations. The bill also provides that user fees imposed in Prince George’s County on residential properties adjacent to or in the immediate vicinity of the county’s Metrorail sites must not be considered to be county or municipal taxes for the purpose of any constant-yield tax limitation or any State or local restriction.

The bill takes effect July 1, 2004.

Fiscal Summary

State Effect: None.

Local Effect: None. Finances in Anne Arundel, Calvert, Charles, Garrett, Howard, Prince George’s, Washington, and Wicomico counties would not be materially affected by the bill’s provisions.

Small Business Effect: Meaningful.

Analysis

Current Law: Anne Arundel, Calvert, Charles, Garrett, Howard, Prince George's, Washington, and Wicomico counties may levy ad valorem taxes or special taxes to pay for bonds and other obligations used for the purpose of improving a special taxing district's public facilities including storm drainage systems, sewers, water systems, roads, bridges, culverts, tunnels, streets, sidewalks, lighting, parking, parks and recreation facilities, libraries, schools, transit facilities, solid waste facilities, and other infrastructure improvements. These counties do not have the authority to impose user fees to pay for bonds and other obligations of a special taxing district.

Anne Arundel, Calvert, Charles, Garrett, Howard, Prince George's, Washington, and Wicomico counties must create a special fund if bonds are issued for the purpose of improving a special taxing district's public facilities. However, a special fund may only be created when bonds are issued.

Prince George's County may levy hotel rental taxes and provide financing, refinancing, or reimbursement for the costs and maintenance of convention centers, conference centers, visitors' centers, maintenance of infrastructure improvements, and the marketing costs of special taxing district facilities and other improvements. Prince George's County does not have the authority to impose user fees on consumers at the point of sale at mixed use developments located adjacent to or in the immediate vicinity of the county's Metrorail sites.

Except for tax increment financing (TIF) revenues generated from residential property in Prince George's County, all TIF revenues paid into a special fund are exempt from constant-yield tax limitation measures in Anne Arundel, Calvert, Charles, Garrett, Howard, Prince George's, Washington, and Wicomico counties.

Background: There are currently 12 Metrorail sites in Prince George's County, and two additional Metrorail sites in the county are under construction.

Mixed-use development typically encompasses retail, office, hotel, and residential development on the same site.

Local Fiscal Effect: Providing the authority to impose user fees to cover the costs of improvements of public facilities in special taxing districts would be an additional means of meeting the financial obligations of the special taxing district. Accordingly, providing Anne Arundel, Calvert, Charles, Garrett, Howard, Prince George's, Washington, and Wicomico counties the authority to impose user fees to pay the obligations of a special taxing district would not affect those counties' finances. Additionally, authorizing these counties to adopt a resolution to create a special fund for a special taxing district even if

bonds are not issued with respect to the special taxing districts would not directly impact these counties' finances.

Providing Prince George's County the authority to impose user fees on consumers at or near Metrorail sites in the county would be an additional means to meet the obligations of special taxing districts near Metrorail sites in the county. Accordingly, the authority to impose user fees would not materially affect county finances.

Exempting property located adjacent to or in the immediate vicinity of Metrorail sites in Prince George's County from the constant-yield tax limitation or any State or local restriction would not impact county finances.

Small Business Effect: Small businesses in Anne Arundel, Calvert, Charles, Garrett, Howard, Prince George's, Washington, and Wicomico counties could be negatively impacted by user fees imposed in special taxing districts as consumers could choose to make purchases at venues outside the special taxing districts. Small businesses in Prince George's County at mixed-use developments adjacent to or in the immediate vicinity of Metrorail sites could be negatively impacted by user fees imposed at the point of sale as consumers could choose to make purchases outside the special taxing districts. However, to the extent that special taxing districts improve public facilities and attract customers to the area, small businesses in any of these jurisdictions could be positively impacted.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Wicomico County, Prince George's County, Garrett County, Howard County, Department of Legislative Services

Fiscal Note History: First Reader - February 10, 2004
mam/ljm

Analysis by: Christopher J. Kelter

Direct Inquiries to:
(410) 946-5510
(301) 970-5510