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By: **Delegates Barve, Gordon, and Simmons**  
Introduced and read first time: February 10, 2006  
Assigned to: Ways and Means

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Committee Report: Favorable  
House action: Adopted  
Read second time: March 21, 2006

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## CHAPTER\_\_\_\_\_

1 AN ACT concerning

2 **Municipal Corporations - Building Excise Tax**

3 FOR the purpose of authorizing municipal corporations to impose, by ordinance or  
4 resolution, a building excise tax on all types of building construction within a  
5 municipal corporation; requiring a municipal corporation to specify in the  
6 ordinance or resolution the types of building construction subject to tax, the  
7 criteria and formulas used to assess the tax, and the tax rates; authorizing a  
8 municipal corporation to impose different rates of the building excise tax on  
9 different types of building construction subject to the tax; requiring that the tax  
10 rates relate to the development or growth-related infrastructure needs in the  
11 municipal corporation; authorizing a municipal corporation to provide for tax  
12 credits against and exemptions from the building excise tax; requiring the  
13 revenues from the building excise tax be deposited in a special fund; providing  
14 that the revenues from the building excise tax may only be used for certain  
15 capital and operating costs of certain public works, improvements, and facilities;  
16 and generally relating to authorizing municipal corporations to impose a  
17 building excise tax.

18 BY adding to  
19 Article 23A - Corporations - Municipal  
20 Section 8A  
21 Annotated Code of Maryland  
22 (2005 Replacement Volume)

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

1 **Article 23A - Corporations - Municipal**

2 8A.

3 (A) A MUNICIPAL CORPORATION MAY IMPOSE, BY ORDINANCE OR  
4 RESOLUTION, A BUILDING EXCISE TAX ON ANY BUILDING CONSTRUCTION WITHIN  
5 THE MUNICIPAL CORPORATION.

6 (B) AN ORDINANCE OR RESOLUTION ADOPTED UNDER THIS SECTION SHALL  
7 SPECIFY THE:

8 (1) TYPES OF BUILDING CONSTRUCTION SUBJECT TO THE BUILDING  
9 EXCISE TAX;

10 (2) CRITERIA AND FORMULAS USED TO ASSESS THE TAX; AND

11 (3) TAX RATES.

12 (C) (1) A MUNICIPAL CORPORATION MAY IMPOSE DIFFERENT RATES OF THE  
13 BUILDING EXCISE TAX ON DIFFERENT TYPES OF BUILDING CONSTRUCTION SUBJECT  
14 TO THE BUILDING EXCISE TAX.

15 (2) THE TAX RATES SHALL RELATE TO THE DEVELOPMENT OR  
16 GROWTH-RELATED INFRASTRUCTURE NEEDS IN THE MUNICIPAL CORPORATION.

17 (D) A MUNICIPAL CORPORATION MAY PROVIDE FOR TAX CREDITS AGAINST  
18 AND EXEMPTIONS FROM THE BUILDING EXCISE TAX.

19 (E) (1) THE REVENUES FROM THE BUILDING EXCISE TAX SHALL BE  
20 DEPOSITED INTO A SPECIAL FUND.

21 (2) THE SPECIAL FUND MAY ONLY BE USED FOR ANY CAPITAL AND  
22 OPERATING COSTS RELATED TO GROWTH INCLUDING, BUT NOT LIMITED TO:

23 (I) STREETS, ROADS, BRIDGES, AND RELATED INFRASTRUCTURE;

24 (II) PARKS AND RECREATIONAL FACILITIES;

25 (III) STORM DRAIN FACILITIES;

26 (IV) WATER AND WASTEWATER TREATMENT FACILITIES;

27 (V) WATER AND WASTEWATER MAINTENANCE AND RELATED  
28 INFRASTRUCTURE;

29 (VI) EMERGENCY SERVICES;

30 (VII) SCHOOL FACILITIES; AND

31 (VIII) OTHER MUNICIPAL FACILITIES.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
2 July 1, 2006.