

# HOUSE BILL 838

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By: **Delegate G. Clagett**

Introduced and read first time: February 6, 2008

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Property Tax - Electric Generating Facilities**

3 FOR the purpose of repealing a certain provision that authorizes the governing body of  
4 a county to increase the percent of the assessment of certain machinery or  
5 equipment used to generate electricity, steam, or hot or chilled water that is  
6 subject to county property tax; limiting the maximum amount of negotiated  
7 payment in lieu of taxes in an agreement between the governing body of a  
8 county and the owner of a facility for the generation of electricity that is located  
9 or locates in the county; and generally relating to the taxation of a facility for  
10 the generation of electricity.

11 BY repealing and reenacting, without amendments,  
12 Article - Tax - Property  
13 Section 7-237  
14 Annotated Code of Maryland  
15 (2007 Replacement Volume)  
16 (As enacted by Chapter 2 of the Acts of the General Assembly of the 2007  
17 Special Session)

18 BY repealing and reenacting, with amendments,  
19 Article - Tax - Property  
20 Section 7-514  
21 Annotated Code of Maryland  
22 (2007 Replacement Volume)  
23 (As enacted by Chapter 2 of the Acts of the General Assembly of the 2007  
24 Special Session)

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

27 **Article - Tax - Property**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 7-237.

2 (a) Except as provided in subsection (b) of this section, personal property is  
3 exempt from property tax if the property is machinery or equipment used to generate:

4 (1) electricity or steam for sale; or

5 (2) hot or chilled water for sale that is used to heat or cool a building.

6 (b) Subject to § 7-514 of this title, personal property that is machinery or  
7 equipment described in subsection (a) of this section is subject to county or municipal  
8 corporation property tax on:

9 (1) 75% of its value for the taxable year beginning July 1, 2000; and

10 (2) 50% of its value for the taxable year beginning July 1, 2001 and  
11 each subsequent taxable year.

12 7-514.

13 (a) This section shall be applicable to all taxable years beginning after June  
14 30, 2008.

15 (b) (1) [Notwithstanding § 7-237 of this title, and subject to paragraph (2)  
16 of this subsection, for a taxable year beginning before July 1, 2011, the governing body  
17 of a county may increase to not more than 65%, by law, the percent of the assessment  
18 of any personal property described in § 7-237 of this title that is subject to county  
19 property tax.

20 (2) The governing body of a county may not increase the percent of  
21 assessment of personal property described in § 7-237 of this title that is subject to  
22 county personal property tax to more than:

23 (i) 65% for the taxable year beginning July 1, 2008;

24 (ii) 60% for the taxable year beginning July 1, 2009; and

25 (iii) 55% for the taxable year beginning July 1, 2010.

26 (3) (i) A county that increases the percent of assessment of taxable  
27 personal property under paragraph (1) of this subsection shall submit a copy of the law  
28 to the Department.

29 (ii) If the Department receives a copy of the law on or before  
30 May 1, the change shall be effective for the taxable year following the date the law is  
31 enacted.

1           (c) (1)] The governing body of a county may enter into an agreement with  
2 the owner of a facility for the generation of electricity that is located or locates in the  
3 county for a negotiated payment by the owner in lieu of taxes on the facility.

4           (2) An agreement for a negotiated payment in lieu of taxes under this  
5 section shall provide that, for the term specified in the agreement:

6                   (i) the owner shall pay to the county a specified amount, **NOT**  
7 **TO EXCEED 50% OF THE COUNTY REAL AND PERSONAL PROPERTY TAX THAT**  
8 **WOULD OTHERWISE BE DUE**, each year in lieu of the payment of county real and  
9 personal property tax; and

10                   (ii) all or a specified part of the real and personal property at  
11 the facility shall be exempt from county property tax for the term of the agreement.

12           [(d)] (C) As specified in the agreement for a negotiated payment in lieu of  
13 taxes under this section, for the term specified in the agreement, the real and personal  
14 property at a facility for the generation of electricity that is located or locates in the  
15 county is exempt from county property tax.

16           [(e)] (D) For each taxable year, Washington County shall distribute to the  
17 Town of Williamsport an amount equal to 35% of[

18                   (1) any county property tax revenue attributable to increasing the  
19 percent of assessment of any personal property described in § 7–237 of this title that is  
20 subject to county property tax, as authorized under subsection (b) of this section; or

21                   (2)] any amount received by the county under a negotiated payment in  
22 lieu of taxes under this section.

23           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
24 June 1, 2008.