## **HOUSE BILL 1562**

L4 8lr3431 CF SB 923

By: Delegates Rudolph, James, and Walkup

Introduced and read first time: February 26, 2008 Assigned to: Rules and Executive Nominations Re–referred to: Ways and Means, March 7, 2008

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 20, 2008

CHAPTER

1 AN ACT concerning

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## Cecil County - Special Taxing Districts - Creation

FOR the purpose of authorizing Cecil County to exercise certain powers concerning the creation of special taxing districts, the levying of certain taxes, and the issuing of certain bonds for developing and financing certain infrastructure improvements under certain circumstances; authorizing Cecil County to create a special taxing district only in certain areas; authorizing the governing body of Cecil County to consider certain aspects of a development that would benefit from the creation of a special taxing district at a certain public hearing; requiring certain disclosure to buyers of real property within a special taxing district of certain charges for which the buyer would be liable; providing that failure to provide certain disclosure makes a contract for the purchase of real property within a special taxing district voidable under certain circumstances: requiring that adequate debt service reserve funds be maintained by Cecil County; providing that Cecil County may establish a special taxing district only if all the owners of the real property located within the proposed special taxing district petition the county for the creation of the special taxing district; prohibiting a vendor of certain property within a special taxing district from enforcing a contract for the sale of the property unless the purchaser of the property is provided with certain information relating to the special taxing district on or before entering into the contract of sale and the contract of sale contains a certain notice; providing that a vendor may provide a purchaser with certain information by providing the purchaser with a certain collection of documents; providing that a vendor may rely on certain documents filed in the land records when providing the purchaser with certain information; providing

## EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

<u>Underlining</u> indicates amendments to bill.

Strike out indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1	that a purchaser under a contract for the sale of certain property within a
2	special taxing district may cancel the contract within a certain time after
3	receiving certain information; providing that unless the purchaser consents
4	settlement of a contract for the sale of certain property within a special taxing
5	district may not take place within a certain time after a purchaser receives
6	certain information; requiring a vendor to refund certain deposits under certain
7	circumstances; providing that a vendor is liable for certain damages caused by
8	certain false statements or omissions; providing that an action against a vendor
9	for certain false statements or omissions must be brought within a certain time
10	and generally relating to the authority of Cecil County to create special taxing
11	districts for developing and financing infrastructure improvements and to the
12	sale of property located within certain special taxing districts.
13	BY repealing and reenacting, without amendments,
14	Article 24 – Political Subdivisions – Miscellaneous Provisions
15	Section 9–1301(a)
16	Annotated Code of Maryland
17	(2005 Replacement Volume and 2007 Supplement)
18	BY repealing and reenacting, with amendments,
19	Article 24 – Political Subdivisions – Miscellaneous Provisions
20	Section 9–1301(b) and (c)
21	Annotated Code of Maryland
22	(2005 Replacement Volume and 2007 Supplement)
23	BY adding to
24	<u>Article – Real Property</u>
25	<u>Section 10–706</u>
26	Annotated Code of Maryland
27	(2003 Replacement Volume and 2007 Supplement)
28	SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
29	MARYLAND, That the Laws of Maryland read as follows:
30	Article 24 - Political Subdivisions - Miscellaneous Provisions
31	9–1301.
32	(a) (1) In this section the following words have the meanings indicated.
33	(2) (i) "Bond" means a special obligation bond, revenue bond, note
34	or other similar instrument issued by the county in accordance with this section.

"Bond" includes a special obligation bond, revenue bond,

note, or similar instrument issued by the revenue authority of Prince George's County.

37 (3) "Cost" includes the cost of:

(ii)

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1 2 3	(i) Construction, reconstruction, and renovation, and acquisition of all lands, structures, real or personal property, rights, rights-of-way, franchises, easements, and interests acquired or to be acquired by the county;
4 5	(ii) All machinery and equipment including machinery and equipment needed to expand or enhance county services to the special taxing district;
6 7 8 9 10	(iii) Financing charges and interest prior to and during construction, and, if deemed advisable by the county, for a limited period after completion of the construction, interest and reserves for principal and interest, including costs of municipal bond insurance and any other type of financial guaranty and costs of issuance;
11	(iv) Extensions, enlargements, additions, and improvements;
12	(v) Architectural, engineering, financial, and legal services;
13 14	(vi) Plans, specifications, studies, surveys, and estimates of cost and of revenues;
15 16	(vii) Administrative expenses necessary or incident to determining to proceed with the infrastructure improvements; and
17 18	(viii) Other expenses as may be necessary or incident to the construction, acquisition, and financing of the infrastructure improvements.
19 20 21 22	(4) In Prince George's County, "cost" includes the cost of renovation, rehabilitation, and repair of existing buildings, internal and external structural systems, elevators, facades, mechanical systems and components, and security systems.
23 24 25	(b) This section applies only to Anne Arundel County, Calvert County, <b>CECIL COUNTY,</b> Charles County, Garrett County, Howard County, Prince George's County, St. Mary's County, Washington County, and Wicomico County.
26 27	(c) (1) Subject to the provisions of this section, and for the purpose stated in paragraph $(2)$ of this subsection, the county may:
28	(i) Create a special taxing district;
29	(ii) Levy ad valorem or special taxes; and
30	(iii) Issue bonds and other obligations.
31 32	(2) The purpose of the authority granted under paragraph (1) of this subsection is to provide financing, refinancing, or reimbursement for the cost of the

design, construction, establishment, extension, alteration, or acquisition of adequate

1 2 3 4 5 6 7 8	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 as necessary, whether situated within the special taxing district or outside the special taxing district if the infrastructure improvement is reasonably related to other infrastructure improvements within the special taxing district, for the development and utilization of the land, each with respect to any defined geographic region within the county.
9 10	(3) A law enacted by Anne Arundel County under the authority of this section:
11 12	(i) Shall specify the types of infrastructure and related costs that may be financed;
13	(ii) Shall require:
14 15 16 17	1. Reasonable disclosure in the real estate contract to buyers of real property within a special taxing district of any special assessment special tax, or other fee or charge for which the buyer would be liable due to the special taxing district;
18 19 20	2. That a seller's failure to provide the disclosure required under subitem 1 of this item renders the contract voidable at the option of the buyer before the date of settlement; and
21 22	3. That adequate debt service reserve funds be maintained;
23	(iii) May not allow:
24 25	1. Acceleration of assessments or taxes by reason of bond default; or
26 27 28 29 30	2. An increase in the maximum special assessments special taxes, or other fees or charges applicable to any individual property in the event that other property owners become delinquent in the payment of a special assessment, special tax, or other fee or charge securing special obligation debt issued under this section; and
31	(iv) May provide:
32	1. For exemptions, deferrals, and credits; and
33 34 35	2. That a lien attaches to property within a special taxing district to the extent of that property owner's obligation under any special taxing district financing.

${1 \atop 2}$	(4) Charles County may exercise the authority granted under this section only in commercial or light industrial zones.		
$\begin{matrix} 3 \\ 4 \end{matrix}$	(5) subsection to:	Princ	ce George's County may exercise the authority granted in this
5		(i)	Levy hotel rental taxes; and
$\frac{6}{7}$	costs of:	(ii)	Provide financing, refinancing, or reimbursement for the
8 9	centers;		1. Convention centers, conference centers, and visitors
10 11	convention center	s, confe	2. Maintenance of infrastructure improvements, erence centers, and visitors' centers;
12 13	other improvemen	nts; and	3. Marketing the special taxing district facilities and
14 15 16 17	4. Renovation, rehabilitation, and repair of existing buildings, building systems, and components for existing residential condominiums designated as workforce housing as defined in § 4–1801 of the Housing and Community Development Article.		
18	(6)	<b>(I)</b>	THIS PARAGRAPH APPLIES ONLY TO CECIL COUNTY.
19 20 21	UNDER THIS SEC		THE COUNTY MAY EXERCISE THE AUTHORITY GRANTED ONLY IN DESIGNATED GROWTH AREAS AS DEFINED IN THE SIVE PLAN.
22 23	HEARING ON A B		THE COUNTY SHALL HOLD AT LEAST ONE PUBLIC REATING A SPECIAL TAXING DISTRICT.
24 25 26 27	THE FOLLOWING	NG DI	(IV) AT THE A PUBLIC HEARING ON A BILL CREATING STRICT, THE COUNTY GOVERNING BODY MAY CONSIDER EMENTS OF A PROPOSED DEVELOPMENT THAT WOULD DS OF A PROPOSED BOND UNDER THIS SECTION:
28			1. DEVELOPMENT DESIGN STANDARDS;
29 30	OR OTHER METH	ods o	2. THE USE OF TRANSFER OF DEVELOPMENT RIGHTS OF INCREASING THE DENSITY OF DEVELOPMENT;

DESIGN AND USAGE OF OPEN SPACE; AND

3.

1	4. AVAILABILITY AND DESIGN OF RECREATIONAL
2	AND EDUCATIONAL FACILITIES.
3	(IV) (V) A LAW ENACTED BY THE COUNTY UNDER THE
4	AUTHORITY OF THIS SECTION SHALL REQUIRE:
	•
5	1. REASONABLE DISCLOSURE IN THE REAL ESTATE
6	CONTRACT TO BUYERS OF REAL PROPERTY WITHIN A SPECIAL TAXING DISTRICT
7	OF ANY SPECIAL ASSESSMENT, SPECIAL TAX, OR OTHER FEE OR CHARGE FOR
8	WHICH THE BUYER WOULD BE LIABLE DUE TO THE SPECIAL TAXING DISTRICT;
9	2. That a seller's failure to provide the
10	DISCLOSURE REQUIRED UNDER ITEM 1 OF THIS SUBPARAGRAPH RENDERS THE
11	CONTRACT VOIDABLE AT THE OPTION OF THE BUYER BEFORE THE DATE OF
12	SETTLEMENT; AND
13	3. THAT REQUIRE THAT ADEQUATE DEBT SERVICE
14	RESERVE FUNDS BE MAINTAINED.
15	$\frac{(V)}{(VI)}$ NOTWITHSTANDING SUBSECTION (D) OF THIS
16	SECTION, BEFORE THE COUNTY MAY ESTABLISH A SPECIAL TAXING DISTRICT,
17	ALL OF THE OWNERS OF REAL PROPERTY WITHIN THE PROPOSED SPECIAL
18	TAXING DISTRICT MUST PETITION THE COUNTY FOR THE CREATION OF THE
19	SPECIAL TAXING DISTRICT.
20	Article - Real Property
20	Article - Real Froperty
21	10–706.
	<u>10-700.</u>
22	(A) (1) This section applies only to the sale of residential
23	REAL PROPERTY IN CECIL COUNTY.
24	(2) THIS SECTION DOES NOT APPLY TO:
25	(I) A SALE OF PROPERTY TO A PURCHASER WHO DOES NOT
26	INTEND TO OCCUPY THE PROPERTY; OR
27	(II) A SALE IN AN ACTION TO FORECLOSE A MORTGAGE,
28	DEED OF TRUST, OR OTHER LIEN.
29	(B) THE VENDOR OF PROPERTY THAT IS SUBJECT TO A TAX OF A
30	SPECIAL TAXING DISTRICT AS AUTHORIZED IN ARTICLE 24, § 9–1301(C) OF THE
31	CODE MAY NOT ENFORCE A CONTRACT FOR THE SALE OF THE PROPERTY
32	UNLESS:

(1) THE PURCHASER OF THE PROPERTY IS PROVIDED WITH THE
FOLLOWING INFORMATION IN WRITING ON OR BEFORE ENTERING INTO THE
CONTRACT FOR THE SALE OF THE PROPERTY:
(I) A DESCRIPTION OF THE AREA INCLUDED WITHIN THE
SPECIAL TAXING DISTRICT;
(II) THE MAXIMUM AMOUNT OF BONDS AND OTHER
OBLIGATIONS TO BE ISSUED WITH RESPECT TO THE SPECIAL TAXING DISTRICT;
(III) A DESCRIPTION OF THE PURPOSES FOR WHICH THE
SPECIAL TAXING DISTRICT WAS CREATED, AND FOR WHICH THE BONDS OR
OTHER OBLIGATIONS HAVE BEEN ISSUED, INCLUDING A DESCRIPTION OF ANY
IMPROVEMENTS;
(IV) THE AMOUNT OF SPECIAL TAXES LEVIED ON THE
PROPERTY FOR THE MOST RECENT YEAR OR, IF TAXES WERE NOT LEVIED ON
THE PROPERTY FOR THE MOST RECENT YEAR, A GOOD-FAITH ESTIMATE OF THE
ANNUAL TAX THAT WILL BE LEVIED ON THE PROPERTY;
(V) THE MAXIMUM AMOUNT OF SPECIAL TAXES THAT MAY
BE LEVIED ON THE PROPERTY IN A YEAR;
(VI) THE PROJECTED TIME PERIOD OVER WHICH ANY BONDS
OR OBLIGATIONS ISSUED IN CONNECTION WITH THE SPECIAL TAXING DISTRICT
ARE TO BE REPAID; AND
(VII) A DESCRIPTION OF THE PURCHASER'S RIGHT TO FULLY
PREPAY THE SPECIAL TAXING DISTRICT OBLIGATIONS; AND
(2) THE CONTRACT FOR THE SALE OF THE PROPERTY CONTAINS
A NOTICE, WRITTEN IN CONSPICUOUS, BOLD, AND UNDERSCORED TYPE, THAT IS
SUBSTANTIALLY THE SAME AS THE FOLLOWING:
"NOTICE REQUIRED BY MARYLAND LAW
THE PROPERTY THAT IS THE SUBJECT OF THIS CONTRACT IS LOCATED
WITHIN A SPECIAL TAXING DISTRICT, WHICH HAS BEEN CREATED FOR THE
PURPOSE OF FINANCING OR REFINANCING THE COSTS RELATED TO CERTAIN
INFRASTRUCTURE IMPROVEMENTS WITHIN THE TAXING DISTRICT. THESE
COSTS WILL BE REPAID FROM THE PROCEEDS OF SPECIAL TAXES COLLECTED
FROM THE OWNERS OF PROPERTIES LOCATED WITHIN THE SPECIAL TAXING
DISTRICT.

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1 STATE LAW REQUIRES THAT THE SELLER DISCLOSE TO YOU, AT OR 2 BEFORE THE TIME YOU ENTER INTO THIS CONTRACT, THE FOLLOWING 3 INFORMATION: (1) A DESCRIPTION OF THE AREA INCLUDED WITHIN THE 4 SPECIAL TAXING DISTRICT, (2) THE MAXIMUM AMOUNT OF BONDS AND OTHER 5 OBLIGATIONS TO BE ISSUED WITH RESPECT TO THE SPECIAL TAXING DISTRICT, 6 (3) A DESCRIPTION OF THE PURPOSES FOR WHICH THE SPECIAL TAXING 7 DISTRICT WAS CREATED, AND FOR WHICH THE BONDS OR OTHER OBLIGATIONS 8 HAVE BEEN ISSUED, INCLUDING A DESCRIPTION OF ANY INFRASTRUCTURE 9 IMPROVEMENTS, (4) THE AMOUNT OF SPECIAL TAXES LEVIED ON THE 10 PROPERTY FOR THE MOST RECENT YEAR OR, IF TAXES WERE NOT LEVIED ON 11 THE PROPERTY FOR THE MOST RECENT YEAR, A GOOD-FAITH ESTIMATE OF THE 12ANNUAL TAX THAT WILL BE LEVIED ON THE PROPERTY, (5) THE MAXIMUM 13 AMOUNT OF SPECIAL TAXES THAT MAY BE LEVIED ON THE PROPERTY IN A YEAR, 14 (6) THE PROJECTED TIME PERIOD OVER WHICH ANY BONDS OR OBLIGATIONS 15 ISSUED IN CONNECTION WITH THE SPECIAL TAXING DISTRICT ARE TO BE 16 REPAID, AND (7) YOUR RIGHT AS THE PROSPECTIVE OWNER OF THE PROPERTY 17 TO FULLY PREPAY THE SPECIAL TAXING DISTRICT OBLIGATIONS WITH RESPECT 18 TO THE PROPERTY.

You have 20 calendar days from the date you receive the above Information relating to the special taxing district to cancel this Contract by sending a written notice of cancellation to the seller. You are not required to state a reason for cancelling the contract. Upon cancellation of the contract, you are entitled to a refund of Any deposit you may have made under this contract.

A SELLER MAY NOT REQUIRE THAT YOU WAIVE YOUR RIGHT TO RECEIVE THE INFORMATION RELATING TO THE SPECIAL TAXING DISTRICT OR YOUR RIGHT TO CANCEL THE CONTRACT WITHIN 20 CALENDAR DAYS OF RECEIPT OF THE INFORMATION. A SELLER MAY NOT REQUIRE THAT YOU CLOSE THE SALE UNDER THIS CONTRACT WITHIN 20 CALENDAR DAYS FROM THE DATE YOU RECEIVE THE INFORMATION RELATING TO THE SPECIAL TAXING DISTRICT.

STATE LAW PROVIDES THAT ANY SELLER WHO, IN DISCLOSING THE INFORMATION RELATING TO THE SPECIAL TAXING DISTRICT, MAKES ANY FALSE STATEMENT OF A MATERIAL FACT OR OMITS A MATERIAL FACT THAT, IN LIGHT OF THE CIRCUMSTANCES UNDER WHICH THE STATEMENTS WERE MADE, IS NECESSARY TO MAKE THE STATEMENTS NOT MISLEADING IS LIABLE TO THE PURCHASER FOR DAMAGES PROXIMATELY CAUSED BY THE SELLER'S FALSE OR OMITTED STATEMENT. ANY ACTION FOR DAMAGES CAUSED BY THE SELLER'S FALSE STATEMENT OR OMISSION OF A MATERIAL FACT MUST BE BROUGHT WITHIN 1 YEAR FROM THE DATE OF CLOSING UNDER THIS CONTRACT.

	HOUSE BILL 1902
1	YOU SHOULD CAREFULLY REVIEW THE INFORMATION RELATING TO THE
<b>2</b>	SPECIAL TAXING DISTRICT PROVIDED BY THE SELLER TO FAMILIARIZE
3	YOURSELF WITH YOUR RIGHTS AND OBLIGATIONS AS A PROSPECTIVE OWNER OF
4	PROPERTY LOCATED WITHIN THE SPECIAL TAXING DISTRICT."
5	(C) (1) THE REQUIREMENTS OF SUBSECTION (B)(1) OF THIS SECTION
6	SHALL BE DEEMED FULFILLED IF THE INFORMATION REQUIRED TO BE
7	PROVIDED TO THE PURCHASER IS PROVIDED TO THE PURCHASER IN WRITING,
8	IN A CLEAR AND CONCISE MANNER.
9	(2) A VENDOR MAY PROVIDE THE PURCHASER WITH THE
10	INFORMATION REQUIRED UNDER SUBSECTION (B)(1) OF THIS SECTION BY
11	PROVIDING THE PURCHASER WITH A COLLECTION OF DOCUMENTS IF THE
12	DOCUMENTS CONVEY THE INFORMATION REQUIRED UNDER SUBSECTION (B)(1)
13	OF THIS SECTION IN A CLEAR AND CONCISE MANNER.
14	(3) IN SATISFYING THE REQUIREMENTS OF SUBSECTION (B)(1) OF
15	THIS SECTION, THE VENDOR MAY RELY ON ANY DOCUMENT THAT, IN
16	CONNECTION WITH THE CREATION OF THE SPECIAL TAXING DISTRICT, WAS
17	FILED BY THE OWNER OF THE PROPERTY IN THE LAND RECORDS OF THE
18	COUNTY IN WHICH THE PROPERTY IS LOCATED.
19	(D) (1) A PURCHASER UNDER A CONTRACT FOR THE SALE OF
20	PROPERTY THAT IS SUBJECT TO THIS SECTION MAY CANCEL THE CONTRACT
21	WITHIN 20 CALENDAR DAYS OF RECEIVING THE INFORMATION UNDER
22	SUBSECTION (B)(1) OF THIS SECTION BY DELIVERING WRITTEN NOTICE OF
23	CANCELLATION TO THE VENDOR.
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24	(2) UNLESS THE PURCHASER CONSENTS TO AN EARLIER
25	SETTLEMENT DATE, THE SETTLEMENT OF A CONTRACT FOR THE SALE OF
26	PROPERTY THAT IS SUBJECT TO THIS SECTION MAY NOT TAKE PLACE WITHIN 20
27	CALENDAR DAYS FROM THE DATE THE PURCHASER RECEIVES THE
28	INFORMATION REQUIRED UNDER SUBSECTION (B)(1) OF THIS SECTION.
29	(2) Nowice INDER DARACRAPH (1) OF THIS CURRECTION SHALL
30	(3) NOTICE UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL
30	BE DELIVERED BY:
31	(I) HAND-DELIVERY; OR
01	(I) HAND-DELIVERT, OR
32	(II) FIRST-CLASS MAIL.
	(11) I IIWI CIMBO MININ
33	(4) On cancellation of a contract for the purchase of
34	PROPERTY UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE VENDOR SHALL

REFUND TO THE PURCHASER ANY DEPOSITS PAID BY, OR ON BEHALF OF, THE

PURCHASER UNDER THE CANCELLED CONTRACT.

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1	(E) (1) ANY VENDOR THAT, IN PROVIDING THE PURCHASER WITH THE
2	INFORMATION REQUIRED UNDER SUBSECTION (B)(1) OF THIS SECTION, MAKES
3	ANY FALSE STATEMENT OF A MATERIAL FACT OR OMITS A MATERIAL FACT
$\frac{4}{5}$	THAT, IN LIGHT OF THE CIRCUMSTANCES UNDER WHICH THE STATEMENTS
5 6	WERE MADE, IS NECESSARY TO MAKE THE STATEMENTS NOT MISLEADING IS LIABLE TO THE PURCHASER FOR DAMAGES PROXIMATELY CAUSED BY THE
7	VENDOR'S FALSE OR OMITTED STATEMENT.
8	(2) AN ACTION BROUGHT UNDER PARAGRAPH (1) OF THIS
9	SUBSECTION MUST BE BROUGHT WITHIN 1 YEAR FROM THE DATE OF
10	SETTLEMENT OF THE CONTRACT OF SALE.
11	SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
12	June 1, 2008.
	Annwarrad
	Approved:
	Governor.
	Governor.
	Speaker of the House of Delegates.
	President of the Senate.