

SENATE BILL 793

L4, L2

(8lr1761)

ENROLLED BILL

—Budget and Taxation / Ways and Means—

Introduced by **Senators Glassman and Jacobs**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

President.

CHAPTER _____

1 AN ACT concerning

2 **Harford County - Special Taxing Districts - Creation**

3 FOR the purpose of authorizing Harford County to exercise certain powers concerning
4 the creation of special taxing districts, the levying of certain taxes, and the
5 issuing of certain bonds for developing and financing certain infrastructure
6 improvements under certain circumstances; authorizing Harford County to
7 create a special taxing district only in certain areas; requiring that a local law
8 creating a special taxing district be enacted in a certain manner; authorizing
9 the governing body of Harford County to consider certain elements of a
10 development that would receive the proceeds of a certain bond at a certain
11 public hearing; ~~requiring certain disclosure to buyers of real property within a~~
12 ~~special taxing district of certain charges for which the buyer would be liable;~~
13 ~~providing that failure to provide certain disclosure makes a contract for the~~
14 ~~purchase of real property within a special taxing district voidable under certain~~
15 ~~circumstances;~~ requiring that adequate debt service reserve funds be

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

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

Italics indicate opposite chamber / conference committee amendments.



1 maintained by Harford County; providing that Harford County may establish a
 2 special taxing district only if all the owners of real property within the proposed
 3 special taxing district petition the county for the creation of the special taxing
 4 district; prohibiting a vendor of certain property within a special taxing district
 5 from enforcing a contract for the sale of the property unless the purchaser of the
 6 property is provided with certain information relating to the special taxing
 7 district and the contract of sale contains a certain notice; providing that a
 8 vendor may provide a purchaser with certain information by providing the
 9 purchaser with a certain collection of documents; providing that a vendor may
 10 rely on certain documents filed in the land records when providing the
 11 purchaser with certain information; providing that a purchaser under a contract
 12 for the sale of certain property within a special taxing district may cancel the
 13 contract within a certain time after receiving certain information; providing
 14 that unless the purchaser consents, settlement of a contract for the sale of
 15 certain property within a special taxing district may not take place within a
 16 certain time after a purchaser receives certain information; requiring a vendor
 17 to refund certain deposits under certain circumstances; providing that a vendor
 18 is liable for certain damages caused by certain false statements or omissions;
 19 providing that an action against a vendor for certain false statements or
 20 omissions must be brought within a certain time; and generally relating to the
 21 authority of Harford County to create special taxing districts for developing and
 22 financing infrastructure improvements and to the sale of property located
 23 within certain special taxing districts.

24 BY repealing and reenacting, without amendments,
 25 Article 24 – Political Subdivisions – Miscellaneous Provisions
 26 Section 9–1301(a)
 27 Annotated Code of Maryland
 28 (2005 Replacement Volume and 2007 Supplement)

29 BY repealing and reenacting, with amendments,
 30 Article 24 – Political Subdivisions – Miscellaneous Provisions
 31 Section 9–1301(b) and (c)
 32 Annotated Code of Maryland
 33 (2005 Replacement Volume and 2007 Supplement)

34 BY adding to
 35 Article – Real Property
 36 Section 10–706
 37 Annotated Code of Maryland
 38 (2003 Replacement Volume and 2007 Supplement)

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

41 **Article 24 – Political Subdivisions – Miscellaneous Provisions**

1 9-1301.

2 (a) (1) In this section the following words have the meanings indicated.

3 (2) (i) “Bond” means a special obligation bond, revenue bond, note,
4 or other similar instrument issued by the county in accordance with this section.

5 (ii) “Bond” includes a special obligation bond, revenue bond,
6 note, or similar instrument issued by the revenue authority of Prince George’s County.

7 (3) “Cost” includes the cost of:

8 (i) Construction, reconstruction, and renovation, and
9 acquisition of all lands, structures, real or personal property, rights, rights-of-way,
10 franchises, easements, and interests acquired or to be acquired by the county;

11 (ii) All machinery and equipment including machinery and
12 equipment needed to expand or enhance county services to the special taxing district;

13 (iii) Financing charges and interest prior to and during
14 construction, and, if deemed advisable by the county, for a limited period after
15 completion of the construction, interest and reserves for principal and interest,
16 including costs of municipal bond insurance and any other type of financial guaranty
17 and costs of issuance;

18 (iv) Extensions, enlargements, additions, and improvements;

19 (v) Architectural, engineering, financial, and legal services;

20 (vi) Plans, specifications, studies, surveys, and estimates of cost
21 and of revenues;

22 (vii) Administrative expenses necessary or incident to
23 determining to proceed with the infrastructure improvements; and

24 (viii) Other expenses as may be necessary or incident to the
25 construction, acquisition, and financing of the infrastructure improvements.

26 (4) In Prince George’s County, “cost” includes the cost of renovation,
27 rehabilitation, and repair of existing buildings, internal and external structural
28 systems, elevators, facades, mechanical systems and components, and security
29 systems.

30 (b) This section applies only to Anne Arundel County, Calvert County,
31 Charles County, Garrett County, **HARFORD COUNTY**, Howard County, Prince
32 George’s County, St. Mary’s County, Washington County, and Wicomico County.

1 (c) (1) Subject to the provisions of this section, and for the purpose stated
2 in paragraph (2) of this subsection, the county may:

- 3 (i) Create a special taxing district;
- 4 (ii) Levy ad valorem or special taxes; and
- 5 (iii) Issue bonds and other obligations.

6 (2) The purpose of the authority granted under paragraph (1) of this
7 subsection is to provide financing, refinancing, or reimbursement for the cost of the
8 design, construction, establishment, extension, alteration, or acquisition of adequate
9 storm drainage systems, sewers, water systems, roads, bridges, culverts, tunnels,
10 streets, sidewalks, lighting, parking, parks and recreation facilities, libraries, schools,
11 transit facilities, solid waste facilities, and other infrastructure improvements as
12 necessary, whether situated within the special taxing district or outside the special
13 taxing district if the infrastructure improvement is reasonably related to other
14 infrastructure improvements within the special taxing district, for the development
15 and utilization of the land, each with respect to any defined geographic region within
16 the county.

17 (3) A law enacted by Anne Arundel County under the authority of this
18 section:

19 (i) Shall specify the types of infrastructure and related costs
20 that may be financed;

21 (ii) Shall require:

22 1. Reasonable disclosure in the real estate contract to
23 buyers of real property within a special taxing district of any special assessment,
24 special tax, or other fee or charge for which the buyer would be liable due to the
25 special taxing district;

26 2. That a seller's failure to provide the disclosure
27 required under subitem 1 of this item renders the contract voidable at the option of the
28 buyer before the date of settlement; and

29 3. That adequate debt service reserve funds be
30 maintained;

31 (iii) May not allow:

32 1. Acceleration of assessments or taxes by reason of bond
33 default; or

1 2. An increase in the maximum special assessments,
 2 special taxes, or other fees or charges applicable to any individual property in the
 3 event that other property owners become delinquent in the payment of a special
 4 assessment, special tax, or other fee or charge securing special obligation debt issued
 5 under this section; and

6 (iv) May provide:

7 1. For exemptions, deferrals, and credits; and

8 2. That a lien attaches to property within a special
 9 taxing district to the extent of that property owner’s obligation under any special
 10 taxing district financing.

11 (4) Charles County may exercise the authority granted under this
 12 section only in commercial or light industrial zones.

13 (5) Prince George’s County may exercise the authority granted in this
 14 subsection to:

15 (i) Levy hotel rental taxes; and

16 (ii) Provide financing, refinancing, or reimbursement for the
 17 costs of:

18 1. Convention centers, conference centers, and visitors’
 19 centers;

20 2. Maintenance of infrastructure improvements,
 21 convention centers, conference centers, and visitors’ centers;

22 3. Marketing the special taxing district facilities and
 23 other improvements; and

24 4. Renovation, rehabilitation, and repair of existing
 25 buildings, building systems, and components for existing residential condominiums
 26 designated as workforce housing as defined in § 4–1801 of the Housing and
 27 Community Development Article.

28 **(6) (I) THIS PARAGRAPH APPLIES ONLY TO HARFORD**
 29 **COUNTY.**

30 **(II) 1. THE EXCEPT AS PROVIDED IN**
 31 **SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH, THE COUNTY MAY EXERCISE**
 32 **THE AUTHORITY GRANTED UNDER THIS SECTION ONLY IN DESIGNATED GROWTH**

1 AREAS AS DEFINED IN THE COUNTY MASTER PLAN AND LAND USE ELEMENT
2 PLAN.

3 **2. THE COUNTY MAY NOT EXERCISE THE AUTHORITY**
4 **GRANTED UNDER THIS SECTION IN ANY OF THE COUNTY'S RURAL VILLAGES.**

5 (III) A LAW CREATING A SPECIAL TAXING DISTRICT SHALL
6 BE ENACTED BY A BILL ADOPTED BY THE COUNTY GOVERNING BODY.

7 (IV) AT THE PUBLIC HEARING ON A BILL CREATING A
8 SPECIAL TAXING DISTRICT, THE COUNTY GOVERNING BODY MAY CONSIDER,
9 AMONG OTHER THINGS, THE FOLLOWING ELEMENTS OF A PROPOSED
10 DEVELOPMENT THAT WOULD RECEIVE THE PROCEEDS OF A PROPOSED BOND
11 UNDER THIS SECTION:

12 1. DEVELOPMENT DESIGN STANDARDS;

13 2. THE USE OF TRANSFER OF DEVELOPMENT RIGHTS
14 OR OTHER METHODS OF ACHIEVING DENSITY OF DEVELOPMENT;

15 3. DESIGN AND USAGE OF OPEN SPACE; AND

16 4. AVAILABILITY AND DESIGN OF RECREATIONAL
17 AND EDUCATIONAL FACILITIES.

18 (V) A LAW ENACTED BY THE COUNTY CREATING A SPECIAL
19 TAXING DISTRICT SHALL ~~REQUIRE:~~

20 ~~1. REASONABLE DISCLOSURE IN THE REAL ESTATE~~
21 ~~CONTRACT TO BUYERS OF REAL PROPERTY WITHIN A SPECIAL TAXING DISTRICT~~
22 ~~OF ANY SPECIAL ASSESSMENT, SPECIAL TAX, OR OTHER FEE OR CHARGE FOR~~
23 ~~WHICH THE BUYER WOULD BE LIABLE DUE TO THE SPECIAL TAXING DISTRICT;~~

24 ~~2. THAT A SELLER'S FAILURE TO PROVIDE THE~~
25 ~~DISCLOSURE REQUIRED UNDER ITEM 1 OF THIS SUBPARAGRAPH RENDERS THE~~
26 ~~CONTRACT VOIDABLE AT THE OPTION OF THE BUYER BEFORE THE DATE OF~~
27 ~~SETTLEMENT; AND~~

28 ~~3. THAT REQUIRE THAT ADEQUATE DEBT SERVICE~~
29 ~~RESERVE FUNDS BE MAINTAINED.~~

30 (VI) NOTWITHSTANDING SUBSECTION (D) OF THIS SECTION,
31 BEFORE THE COUNTY MAY ESTABLISH A SPECIAL TAXING DISTRICT, ALL OF THE
32 OWNERS OF REAL PROPERTY WITHIN THE PROPOSED SPECIAL TAXING DISTRICT

1 MUST PETITION THE COUNTY FOR THE CREATION OF THE SPECIAL TAXING
2 DISTRICT.

3 Article - Real Property

4 10-706.

5 (A) (1) THIS SECTION APPLIES ONLY TO THE SALE OF RESIDENTIAL
6 REAL PROPERTY IN HARFORD COUNTY.

7 (2) THIS SECTION DOES NOT APPLY TO:

8 (I) A SALE OF PROPERTY TO A PURCHASER WHO DOES NOT
9 INTEND TO OCCUPY THE PROPERTY; OR

10 (II) A SALE IN AN ACTION TO FORECLOSE A MORTGAGE,
11 DEED OF TRUST, OR OTHER LIEN.

12 (B) THE VENDOR OF PROPERTY THAT IS SUBJECT TO A TAX OF A
13 SPECIAL TAXING DISTRICT AS AUTHORIZED IN ARTICLE 24, § 9-1301(C) OF THE
14 CODE MAY NOT ENFORCE A CONTRACT FOR THE SALE OF THE PROPERTY
15 UNLESS:

16 (1) THE PURCHASER OF THE PROPERTY IS PROVIDED WITH THE
17 FOLLOWING INFORMATION IN WRITING:

18 (I) A DESCRIPTION OF THE AREA INCLUDED WITHIN THE
19 SPECIAL TAXING DISTRICT;

20 (II) THE MAXIMUM AMOUNT OF BONDS AND OTHER
21 OBLIGATIONS TO BE ISSUED WITH RESPECT TO THE SPECIAL TAXING DISTRICT;

22 (III) A DESCRIPTION OF THE PURPOSES FOR WHICH THE
23 SPECIAL TAXING DISTRICT WAS CREATED, AND FOR WHICH THE BONDS OR
24 OTHER OBLIGATIONS HAVE BEEN ISSUED, INCLUDING A DESCRIPTION OF ANY
25 IMPROVEMENTS;

26 (IV) THE AMOUNT OF SPECIAL TAXES LEVIED ON THE
27 PROPERTY FOR THE MOST RECENT YEAR OR, IF TAXES WERE NOT LEVIED ON
28 THE PROPERTY FOR THE MOST RECENT YEAR, A GOOD-FAITH ESTIMATE OF THE
29 ANNUAL TAX THAT WILL BE LEVIED ON THE PROPERTY;

30 (V) THE MAXIMUM AMOUNT OF SPECIAL TAXES THAT MAY
31 BE LEVIED ON THE PROPERTY IN A YEAR;

1 (VI) THE PROJECTED TIME PERIOD OVER WHICH ANY BONDS
2 OR OBLIGATIONS ISSUED IN CONNECTION WITH THE SPECIAL TAXING DISTRICT
3 ARE TO BE REPAID; AND

4 (VII) A DESCRIPTION OF THE PURCHASER'S RIGHT TO FULLY
5 PREPAY THE SPECIAL TAXING DISTRICT OBLIGATIONS; AND

6 (2) THE CONTRACT FOR THE SALE OF THE PROPERTY CONTAINS
7 A NOTICE, WRITTEN IN CONSPICUOUS, BOLD, AND UNDERSCORED TYPE, THAT IS
8 SUBSTANTIALLY THE SAME AS THE FOLLOWING:

9 “NOTICE REQUIRED BY MARYLAND LAW

10 THE PROPERTY THAT IS THE SUBJECT OF THIS CONTRACT IS LOCATED
11 WITHIN A SPECIAL TAXING DISTRICT, WHICH HAS BEEN CREATED FOR THE
12 PURPOSE OF FINANCING OR REFINANCING THE COSTS RELATED TO CERTAIN
13 INFRASTRUCTURE IMPROVEMENTS WITHIN THE TAXING DISTRICT. THESE
14 COSTS WILL BE REPAID FROM THE PROCEEDS OF SPECIAL TAXES COLLECTED
15 FROM THE OWNERS OF PROPERTIES LOCATED WITHIN THE SPECIAL TAXING
16 DISTRICT.

17 STATE LAW REQUIRES THAT THE SELLER DISCLOSE TO YOU, AT OR
18 BEFORE THE TIME YOU ENTER INTO THIS CONTRACT, THE FOLLOWING
19 INFORMATION: (1) A DESCRIPTION OF THE AREA INCLUDED WITHIN THE
20 SPECIAL TAXING DISTRICT, (2) THE MAXIMUM AMOUNT OF BONDS AND OTHER
21 OBLIGATIONS TO BE ISSUED WITH RESPECT TO THE SPECIAL TAXING DISTRICT,
22 (3) A DESCRIPTION OF THE PURPOSES FOR WHICH THE SPECIAL TAXING
23 DISTRICT WAS CREATED, AND FOR WHICH THE BONDS OR OTHER OBLIGATIONS
24 HAVE BEEN ISSUED, INCLUDING A DESCRIPTION OF ANY INFRASTRUCTURE
25 IMPROVEMENTS, (4) THE AMOUNT OF SPECIAL TAXES LEVIED ON THE
26 PROPERTY FOR THE MOST RECENT YEAR OR, IF TAXES WERE NOT LEVIED ON
27 THE PROPERTY FOR THE MOST RECENT YEAR, A GOOD-FAITH ESTIMATE OF THE
28 ANNUAL TAX THAT WILL BE LEVIED ON THE PROPERTY, (5) THE MAXIMUM
29 AMOUNT OF SPECIAL TAXES THAT MAY BE LEVIED ON THE PROPERTY IN A YEAR,
30 (6) THE PROJECTED TIME PERIOD OVER WHICH ANY BONDS OR OBLIGATIONS
31 ISSUED IN CONNECTION WITH THE SPECIAL TAXING DISTRICT ARE TO BE
32 REPAID, AND (7) YOUR RIGHT AS THE PROSPECTIVE OWNER OF THE PROPERTY
33 TO FULLY PREPAY THE SPECIAL TAXING DISTRICT OBLIGATIONS WITH RESPECT
34 TO THE PROPERTY.

35 YOU HAVE 7 CALENDAR DAYS FROM THE DATE YOU RECEIVE THE ABOVE
36 INFORMATION RELATING TO THE SPECIAL TAXING DISTRICT TO CANCEL THIS
37 CONTRACT BY SENDING A WRITTEN NOTICE OF CANCELLATION TO THE SELLER.

1 YOU ARE NOT REQUIRED TO STATE A REASON FOR CANCELLING THE CONTRACT.
2 UPON CANCELLATION OF THE CONTRACT, YOU ARE ENTITLED TO A REFUND OF
3 ANY DEPOSIT YOU MAY HAVE MADE UNDER THIS CONTRACT.

4 A SELLER MAY NOT REQUIRE THAT YOU WAIVE YOUR RIGHT TO RECEIVE
5 THE INFORMATION RELATING TO THE SPECIAL TAXING DISTRICT OR YOUR
6 RIGHT TO CANCEL THE CONTRACT WITHIN 7 CALENDAR DAYS OF RECEIPT OF
7 THE INFORMATION. A SELLER MAY NOT REQUIRE THAT YOU CLOSE THE SALE
8 UNDER THIS CONTRACT WITHIN 7 CALENDAR DAYS FROM THE DATE YOU
9 RECEIVE THE INFORMATION RELATING TO THE SPECIAL TAXING DISTRICT.

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

19 YOU SHOULD CAREFULLY REVIEW THE INFORMATION RELATING TO THE
20 SPECIAL TAXING DISTRICT PROVIDED BY THE SELLER TO FAMILIARIZE
21 YOURSELF WITH YOUR RIGHTS AND OBLIGATIONS AS A PROSPECTIVE OWNER OF
22 PROPERTY LOCATED WITHIN THE SPECIAL TAXING DISTRICT."

23 (C) (1) THE REQUIREMENTS OF SUBSECTION (B)(1) OF THIS SECTION
24 SHALL BE DEEMED FULFILLED IF THE INFORMATION REQUIRED TO BE
25 PROVIDED TO THE PURCHASER IS PROVIDED TO THE PURCHASER IN WRITING,
26 IN A CLEAR AND CONCISE MANNER.

27 (2) A VENDOR MAY PROVIDE THE PURCHASER WITH THE
28 INFORMATION REQUIRED UNDER SUBSECTION (B)(1) OF THIS SECTION BY
29 PROVIDING THE PURCHASER WITH A COLLECTION OF DOCUMENTS IF THE
30 DOCUMENTS CONVEY THE INFORMATION REQUIRED UNDER SUBSECTION (B)(1)
31 OF THIS SECTION IN A CLEAR AND CONCISE MANNER.

32 (3) IN SATISFYING THE REQUIREMENTS OF SUBSECTION (B)(1) OF
33 THIS SECTION, THE VENDOR MAY RELY ON ANY DOCUMENT THAT, IN
34 CONNECTION WITH THE CREATION OF THE SPECIAL TAXING DISTRICT, WAS
35 FILED BY THE OWNER OF THE PROPERTY IN THE LAND RECORDS OF THE
36 COUNTY IN WHICH THE PROPERTY IS LOCATED.

1 (D) (1) A PURCHASER UNDER A CONTRACT FOR THE SALE OF
2 PROPERTY THAT IS SUBJECT TO THIS SECTION MAY CANCEL THE CONTRACT
3 WITHIN 7 CALENDAR DAYS OF RECEIVING THE INFORMATION UNDER
4 SUBSECTION (B)(1) OF THIS SECTION BY DELIVERING WRITTEN NOTICE OF
5 CANCELLATION TO THE VENDOR.

6 (2) UNLESS THE PURCHASER CONSENTS TO AN EARLIER
7 SETTLEMENT DATE, THE SETTLEMENT OF A CONTRACT FOR THE SALE OF
8 PROPERTY THAT IS SUBJECT TO THIS SECTION MAY NOT TAKE PLACE WITHIN 7
9 CALENDAR DAYS FROM THE DATE THE PURCHASER RECEIVES THE
10 INFORMATION REQUIRED UNDER SUBSECTION (B)(1) OF THIS SECTION.

11 (3) NOTICE UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL
12 BE DELIVERED BY:

13 (I) HAND-DELIVERY; OR

14 (II) FIRST-CLASS MAIL.

15 (4) ON CANCELLATION OF A CONTRACT FOR THE PURCHASE OF
16 PROPERTY UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE VENDOR SHALL
17 REFUND TO THE PURCHASER ANY DEPOSITS PAID BY, OR ON BEHALF OF, THE
18 PURCHASER UNDER THE CANCELLED CONTRACT.

19 (E) (1) ANY VENDOR THAT, IN PROVIDING THE PURCHASER WITH THE
20 INFORMATION REQUIRED UNDER SUBSECTION (B)(1) OF THIS SECTION, MAKES
21 ANY FALSE STATEMENT OF A MATERIAL FACT OR OMITTS A MATERIAL FACT
22 THAT, IN LIGHT OF THE CIRCUMSTANCES UNDER WHICH THE STATEMENTS
23 WERE MADE, IS NECESSARY TO MAKE THE STATEMENTS NOT MISLEADING IS
24 LIABLE TO THE PURCHASER FOR DAMAGES PROXIMATELY CAUSED BY THE
25 VENDOR'S FALSE OR OMITTED STATEMENT.

26 (2) AN ACTION BROUGHT UNDER PARAGRAPH (1) OF THIS
27 SUBSECTION MUST BE BROUGHT WITHIN 1 YEAR FROM THE DATE OF
28 SETTLEMENT OF THE CONTRACT OF SALE.

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