

SENATE BILL 793

L4, L2

8lr1761
CF HB 483

By: **Senators Glassman and Jacobs**

Introduced and read first time: February 5, 2008

Rules suspended

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 17, 2008

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
16 maintained by Harford County; providing that Harford County may establish a
17 special taxing district only if all the owners of real property within the proposed
18 special taxing district petition the county for the creation of the special taxing
19 district; prohibiting a vendor of certain property within a special taxing district
20 from enforcing a contract for the sale of the property unless the purchaser of the
21 property is provided with certain information relating to the special taxing
22 district and the contract of sale contains a certain notice; providing that a
23 vendor may provide a purchaser with certain information by providing the
24 purchaser with a certain collection of documents; providing that a vendor may
25 rely on certain documents filed in the land records when providing the

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.



1 purchaser with certain information; providing that a purchaser under a contract
 2 for the sale of certain property within a special taxing district may cancel the
 3 contract within a certain time after receiving certain information; providing
 4 that unless the purchaser consents, settlement of a contract for the sale of
 5 certain property within a special taxing district may not take place within a
 6 certain time after a purchaser receives certain information; requiring a vendor
 7 to refund certain deposits under certain circumstances; providing that a vendor
 8 is liable for certain damages caused by certain false statements or omissions;
 9 providing that an action against a vendor for certain false statements or
 10 omissions must be brought within a certain time; and generally relating to the
 11 authority of Harford County to create special taxing districts for developing and
 12 financing infrastructure improvements and to the sale of property located
 13 within certain special taxing districts.

14 BY repealing and reenacting, without amendments,
 15 Article 24 – Political Subdivisions – Miscellaneous Provisions
 16 Section 9–1301(a)
 17 Annotated Code of Maryland
 18 (2005 Replacement Volume and 2007 Supplement)

19 BY repealing and reenacting, with amendments,
 20 Article 24 – Political Subdivisions – Miscellaneous Provisions
 21 Section 9–1301(b) and (c)
 22 Annotated Code of Maryland
 23 (2005 Replacement Volume and 2007 Supplement)

24 BY adding to
 25 Article – Real Property
 26 Section 10–706
 27 Annotated Code of Maryland
 28 (2003 Replacement Volume and 2007 Supplement)

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

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

32 9–1301.

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

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

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

38 (3) “Cost” includes the cost of:

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

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

6 (iii) Financing charges and interest prior to and during
7 construction, and, if deemed advisable by the county, for a limited period after
8 completion of the construction, interest and reserves for principal and interest,
9 including costs of municipal bond insurance and any other type of financial guaranty
10 and costs of issuance;

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

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

13 (vi) Plans, specifications, studies, surveys, and estimates of cost
14 and of revenues;

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

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

19 (4) In Prince George's County, "cost" includes the cost of renovation,
20 rehabilitation, and repair of existing buildings, internal and external structural
21 systems, elevators, facades, mechanical systems and components, and security
22 systems.

23 (b) This section applies only to Anne Arundel County, Calvert County,
24 Charles County, Garrett County, **HARFORD COUNTY**, Howard County, Prince
25 George's County, St. Mary's County, Washington County, and Wicomico County.

26 (c) (1) Subject to the provisions of this section, and for the purpose stated
27 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 (2) The purpose of the authority granted under paragraph (1) of this
32 subsection is to provide financing, refinancing, or reimbursement for the cost of the

1 design, construction, establishment, extension, alteration, or acquisition of adequate
2 storm drainage systems, sewers, water systems, roads, bridges, culverts, tunnels,
3 streets, sidewalks, lighting, parking, parks and recreation facilities, libraries, schools,
4 transit facilities, solid waste facilities, and other infrastructure improvements as
5 necessary, whether situated within the special taxing district or outside the special
6 taxing district if the infrastructure improvement is reasonably related to other
7 infrastructure improvements within the special taxing district, for the development
8 and utilization of the land, each with respect to any defined geographic region within
9 the county.

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

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

14 (ii) Shall require:

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

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

22 3. That adequate debt service reserve funds be
23 maintained;

24 (iii) May not allow:

25 1. Acceleration of assessments or taxes by reason of bond
26 default; or

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

32 (iv) May provide:

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

34 2. That a lien attaches to property within a special
35 taxing district to the extent of that property owner's obligation under any special
36 taxing district financing.

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

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

5 (i) Levy hotel rental taxes; and

6 (ii) Provide financing, refinancing, or reimbursement for the
7 costs of:

8 1. Convention centers, conference centers, and visitors’
9 centers;

10 2. Maintenance of infrastructure improvements,
11 convention centers, conference centers, and visitors’ centers;

12 3. Marketing the special taxing district facilities and
13 other improvements; and

14 4. Renovation, rehabilitation, and repair of existing
15 buildings, building systems, and components for existing residential condominiums
16 designated as workforce housing as defined in § 4–1801 of the Housing and
17 Community Development Article.

18 (6) (I) THIS PARAGRAPH APPLIES ONLY TO HARFORD
19 COUNTY.

20 (II) 1. THE COUNTY MAY EXERCISE THE AUTHORITY
21 GRANTED UNDER THIS SECTION ONLY IN DESIGNATED GROWTH AREAS AS
22 DEFINED IN THE COUNTY MASTER PLAN AND LAND USE ELEMENT PLAN.

23 2. THE COUNTY MAY NOT EXERCISE THE AUTHORITY
24 GRANTED UNDER THIS SECTION IN ANY OF THE COUNTY’S RURAL VILLAGES.

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

27 (IV) AT THE PUBLIC HEARING ON A BILL CREATING A
28 SPECIAL TAXING DISTRICT, THE COUNTY GOVERNING BODY MAY CONSIDER,
29 AMONG OTHER THINGS, THE FOLLOWING ELEMENTS OF A PROPOSED
30 DEVELOPMENT THAT WOULD RECEIVE THE PROCEEDS OF A PROPOSED BOND
31 UNDER THIS SECTION:

32 1. DEVELOPMENT DESIGN STANDARDS;

1 2. **THE USE OF TRANSFER OF DEVELOPMENT RIGHTS**
2 **OR OTHER METHODS OF ACHIEVING DENSITY OF DEVELOPMENT;**

3 3. **DESIGN AND USAGE OF OPEN SPACE; AND**

4 4. **AVAILABILITY AND DESIGN OF RECREATIONAL**
5 **AND EDUCATIONAL FACILITIES.**

6 (V) **A LAW ENACTED BY THE COUNTY CREATING A SPECIAL**
7 **TAXING DISTRICT SHALL REQUIRE:**

8 ~~1. **REASONABLE DISCLOSURE IN THE REAL ESTATE**~~
9 ~~**CONTRACT TO BUYERS OF REAL PROPERTY WITHIN A SPECIAL TAXING DISTRICT**~~
10 ~~**OF ANY SPECIAL ASSESSMENT, SPECIAL TAX, OR OTHER FEE OR CHARGE FOR**~~
11 ~~**WHICH THE BUYER WOULD BE LIABLE DUE TO THE SPECIAL TAXING DISTRICT;**~~

12 ~~2. **THAT A SELLER'S FAILURE TO PROVIDE THE**~~
13 ~~**DISCLOSURE REQUIRED UNDER ITEM 1 OF THIS SUBPARAGRAPH RENDERS THE**~~
14 ~~**CONTRACT VOIDABLE AT THE OPTION OF THE BUYER BEFORE THE DATE OF**~~
15 ~~**SETTLEMENT; AND**~~

16 ~~3. **THAT REQUIRE THAT ADEQUATE DEBT SERVICE**~~
17 ~~**RESERVE FUNDS BE MAINTAINED.**~~

18 (VI) **NOTWITHSTANDING SUBSECTION (D) OF THIS SECTION,**
19 **BEFORE THE COUNTY MAY ESTABLISH A SPECIAL TAXING DISTRICT, ALL OF THE**
20 **OWNERS OF REAL PROPERTY WITHIN THE PROPOSED SPECIAL TAXING DISTRICT**
21 **MUST PETITION THE COUNTY FOR THE CREATION OF THE SPECIAL TAXING**
22 **DISTRICT.**

23 **Article - Real Property**

24 **10-706.**

25 **(A) (1) THIS SECTION APPLIES ONLY TO THE SALE OF RESIDENTIAL**
26 **REAL PROPERTY IN HARFORD COUNTY.**

27 **(2) THIS SECTION DOES NOT APPLY TO:**

28 **(I) A SALE OF PROPERTY TO A PURCHASER WHO DOES NOT**
29 **INTEND TO OCCUPY THE PROPERTY; OR**

30 **(II) A SALE IN AN ACTION TO FORECLOSE A MORTGAGE,**
31 **DEED OF TRUST, OR OTHER LIEN.**

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

5 **(1) THE PURCHASER OF THE PROPERTY IS PROVIDED WITH THE**
6 **FOLLOWING INFORMATION IN WRITING:**

7 **(I) A DESCRIPTION OF THE AREA INCLUDED WITHIN THE**
8 **SPECIAL TAXING DISTRICT;**

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

11 **(III) A DESCRIPTION OF THE PURPOSES FOR WHICH THE**
12 **SPECIAL TAXING DISTRICT WAS CREATED, AND FOR WHICH THE BONDS OR**
13 **OTHER OBLIGATIONS HAVE BEEN ISSUED, INCLUDING A DESCRIPTION OF ANY**
14 **IMPROVEMENTS;**

15 **(IV) THE AMOUNT OF SPECIAL TAXES LEVIED ON THE**
16 **PROPERTY FOR THE MOST RECENT YEAR OR, IF TAXES WERE NOT LEVIED ON**
17 **THE PROPERTY FOR THE MOST RECENT YEAR, A GOOD-FAITH ESTIMATE OF THE**
18 **ANNUAL TAX THAT WILL BE LEVIED ON THE PROPERTY;**

19 **(V) THE MAXIMUM AMOUNT OF SPECIAL TAXES THAT MAY**
20 **BE LEVIED ON THE PROPERTY IN A YEAR;**

21 **(VI) THE PROJECTED TIME PERIOD OVER WHICH ANY BONDS**
22 **OR OBLIGATIONS ISSUED IN CONNECTION WITH THE SPECIAL TAXING DISTRICT**
23 **ARE TO BE REPAYED; AND**

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

26 **(2) THE CONTRACT FOR THE SALE OF THE PROPERTY CONTAINS**
27 **A NOTICE, WRITTEN IN CONSPICUOUS, BOLD, AND UNDERSCORED TYPE, THAT IS**
28 **SUBSTANTIALLY THE SAME AS THE FOLLOWING:**

29 **“NOTICE REQUIRED BY MARYLAND LAW**

30 **THE PROPERTY THAT IS THE SUBJECT OF THIS CONTRACT IS LOCATED**
31 **WITHIN A SPECIAL TAXING DISTRICT, WHICH HAS BEEN CREATED FOR THE**
32 **PURPOSE OF FINANCING OR REFINANCING THE COSTS RELATED TO CERTAIN**
33 **INFRASTRUCTURE IMPROVEMENTS WITHIN THE TAXING DISTRICT. THESE**

1 COSTS WILL BE REPAID FROM THE PROCEEDS OF SPECIAL TAXES COLLECTED
2 FROM THE OWNERS OF PROPERTIES LOCATED WITHIN THE SPECIAL TAXING
3 DISTRICT.

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

22 YOU HAVE 7 CALENDAR DAYS FROM THE DATE YOU RECEIVE THE ABOVE
23 INFORMATION RELATING TO THE SPECIAL TAXING DISTRICT TO CANCEL THIS
24 CONTRACT BY SENDING A WRITTEN NOTICE OF CANCELLATION TO THE SELLER.
25 YOU ARE NOT REQUIRED TO STATE A REASON FOR CANCELLING THE CONTRACT.
26 UPON CANCELLATION OF THE CONTRACT, YOU ARE ENTITLED TO A REFUND OF
27 ANY DEPOSIT YOU MAY HAVE MADE UNDER THIS CONTRACT.

28 A SELLER MAY NOT REQUIRE THAT YOU WAIVE YOUR RIGHT TO RECEIVE
29 THE INFORMATION RELATING TO THE SPECIAL TAXING DISTRICT OR YOUR
30 RIGHT TO CANCEL THE CONTRACT WITHIN 7 CALENDAR DAYS OF RECEIPT OF
31 THE INFORMATION. A SELLER MAY NOT REQUIRE THAT YOU CLOSE THE SALE
32 UNDER THIS CONTRACT WITHIN 7 CALENDAR DAYS FROM THE DATE YOU
33 RECEIVE THE INFORMATION RELATING TO THE SPECIAL TAXING DISTRICT.

34 STATE LAW PROVIDES THAT ANY SELLER WHO, IN DISCLOSING THE
35 INFORMATION RELATING TO THE SPECIAL TAXING DISTRICT, MAKES ANY FALSE
36 STATEMENT OF A MATERIAL FACT OR OMITTS A MATERIAL FACT THAT, IN LIGHT
37 OF THE CIRCUMSTANCES UNDER WHICH THE STATEMENTS WERE MADE, IS
38 NECESSARY TO MAKE THE STATEMENTS NOT MISLEADING IS LIABLE TO THE
39 PURCHASER FOR DAMAGES PROXIMATELY CAUSED BY THE SELLER'S FALSE OR
40 OMITTED STATEMENT. ANY ACTION FOR DAMAGES CAUSED BY THE SELLER'S

1 FALSE STATEMENT OR OMISSION OF A MATERIAL FACT MUST BE BROUGHT
2 WITHIN 1 YEAR FROM THE DATE OF CLOSING UNDER THIS CONTRACT.

3 YOU SHOULD CAREFULLY REVIEW THE INFORMATION RELATING TO THE
4 SPECIAL TAXING DISTRICT PROVIDED BY THE SELLER TO FAMILIARIZE
5 YOURSELF WITH YOUR RIGHTS AND OBLIGATIONS AS A PROSPECTIVE OWNER OF
6 PROPERTY LOCATED WITHIN THE SPECIAL TAXING DISTRICT.”

7 (C) (1) THE REQUIREMENTS OF SUBSECTION (B)(1) OF THIS SECTION
8 SHALL BE DEEMED FULFILLED IF THE INFORMATION REQUIRED TO BE
9 PROVIDED TO THE PURCHASER IS PROVIDED TO THE PURCHASER IN WRITING,
10 IN A CLEAR AND CONCISE MANNER.

11 (2) A VENDOR MAY PROVIDE THE PURCHASER WITH THE
12 INFORMATION REQUIRED UNDER SUBSECTION (B)(1) OF THIS SECTION BY
13 PROVIDING THE PURCHASER WITH A COLLECTION OF DOCUMENTS IF THE
14 DOCUMENTS CONVEY THE INFORMATION REQUIRED UNDER SUBSECTION (B)(1)
15 OF THIS SECTION IN A CLEAR AND CONCISE MANNER.

16 (3) IN SATISFYING THE REQUIREMENTS OF SUBSECTION (B)(1) OF
17 THIS SECTION, THE VENDOR MAY RELY ON ANY DOCUMENT THAT, IN
18 CONNECTION WITH THE CREATION OF THE SPECIAL TAXING DISTRICT, WAS
19 FILED BY THE OWNER OF THE PROPERTY IN THE LAND RECORDS OF THE
20 COUNTY IN WHICH THE PROPERTY IS LOCATED.

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

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

31 (3) NOTICE UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL
32 BE DELIVERED BY:

33 (I) HAND-DELIVERY; OR

34 (II) FIRST-CLASS MAIL.

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

5 **(E) (1) ANY VENDOR THAT, IN PROVIDING THE PURCHASER WITH THE**
 6 **INFORMATION REQUIRED UNDER SUBSECTION (B)(1) OF THIS SECTION, MAKES**
 7 **ANY FALSE STATEMENT OF A MATERIAL FACT OR OMITTS A MATERIAL FACT**
 8 **THAT, IN LIGHT OF THE CIRCUMSTANCES UNDER WHICH THE STATEMENTS**
 9 **WERE MADE, IS NECESSARY TO MAKE THE STATEMENTS NOT MISLEADING IS**
 10 **LIABLE TO THE PURCHASER FOR DAMAGES PROXIMATELY CAUSED BY THE**
 11 **VENDOR’S FALSE OR OMITTED STATEMENT.**

12 **(2) AN ACTION BROUGHT UNDER PARAGRAPH (1) OF THIS**
 13 **SUBSECTION MUST BE BROUGHT WITHIN 1 YEAR FROM THE DATE OF**
 14 **SETTLEMENT OF THE CONTRACT OF SALE.**

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

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.