

CHAPTER 550

(House Bill 1562)

AN ACT concerning

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

BY repealing and reenacting, without amendments,

Article 24 – Political Subdivisions – Miscellaneous Provisions
Section 9–1301(a)
Annotated Code of Maryland
(2005 Replacement Volume and 2007 Supplement)

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

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

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

Article 24 – Political Subdivisions – Miscellaneous Provisions

9–1301.

- (a) (1) In this section the following words have the meanings indicated.
 - (2) (i) “Bond” means a special obligation bond, revenue bond, note, or other similar instrument issued by the county in accordance with this section.
 - (ii) “Bond” includes a special obligation bond, revenue bond, note, or similar instrument issued by the revenue authority of Prince George’s County.
 - (3) “Cost” includes the cost of:
 - (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;
 - (ii) All machinery and equipment including machinery and equipment needed to expand or enhance county services to the special taxing district;
 - (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;

- (iv) Extensions, enlargements, additions, and improvements;
- (v) Architectural, engineering, financial, and legal services;
- (vi) Plans, specifications, studies, surveys, and estimates of cost and of revenues;
- (vii) Administrative expenses necessary or incident to determining to proceed with the infrastructure improvements; and
- (viii) Other expenses as may be necessary or incident to the construction, acquisition, and financing of the infrastructure improvements.

(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.

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

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

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

(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 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.

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

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

(ii) Shall require:

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;

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

3. That adequate debt service reserve funds be maintained;

(iii) May not allow:

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

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

(iv) May provide:

1. For exemptions, deferrals, and credits; and

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.

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

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

(i) Levy hotel rental taxes; and

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

1. Convention centers, conference centers, and visitors' centers;
2. Maintenance of infrastructure improvements, convention centers, conference centers, and visitors' centers;
3. Marketing the special taxing district facilities and other improvements; and
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.

(6) (I) THIS PARAGRAPH APPLIES ONLY TO CECIL COUNTY.

(II) THE COUNTY MAY EXERCISE THE AUTHORITY GRANTED UNDER THIS SECTION ONLY IN DESIGNATED GROWTH AREAS AS DEFINED IN THE COUNTY COMPREHENSIVE PLAN.

(III) THE COUNTY SHALL HOLD AT LEAST ONE PUBLIC HEARING ON A BILL CREATING A SPECIAL TAXING DISTRICT.

~~(III)~~ **(IV) AT ~~THE~~ A PUBLIC HEARING ON A BILL CREATING A SPECIAL TAXING DISTRICT, THE COUNTY GOVERNING BODY MAY CONSIDER THE FOLLOWING ELEMENTS OF A PROPOSED DEVELOPMENT THAT WOULD RECEIVE THE PROCEEDS OF A PROPOSED BOND UNDER THIS SECTION:**

1. **DEVELOPMENT DESIGN STANDARDS;**
2. **THE USE OF TRANSFER OF DEVELOPMENT RIGHTS OR OTHER METHODS OF INCREASING THE DENSITY OF DEVELOPMENT;**
3. **DESIGN AND USAGE OF OPEN SPACE; AND**
4. **AVAILABILITY AND DESIGN OF RECREATIONAL AND EDUCATIONAL FACILITIES.**

~~(IV)~~ **(V) A LAW ENACTED BY THE COUNTY UNDER THE AUTHORITY OF THIS SECTION SHALL ~~REQUIRE~~:**

~~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;~~

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

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

~~(v)~~ (VI) NOTWITHSTANDING SUBSECTION (D) OF THIS SECTION, BEFORE THE COUNTY MAY ESTABLISH A SPECIAL TAXING DISTRICT, ALL OF THE OWNERS OF REAL PROPERTY WITHIN THE PROPOSED SPECIAL TAXING DISTRICT MUST PETITION THE COUNTY FOR THE CREATION OF THE SPECIAL TAXING DISTRICT.

Article - Real Property

10-706.

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

(2) THIS SECTION DOES NOT APPLY TO:

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

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

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

STATE LAW REQUIRES THAT THE SELLER DISCLOSE TO YOU, AT OR BEFORE THE TIME YOU ENTER INTO THIS CONTRACT, THE FOLLOWING INFORMATION: (1) A DESCRIPTION OF THE AREA INCLUDED WITHIN THE SPECIAL TAXING DISTRICT, (2) THE MAXIMUM AMOUNT OF BONDS AND OTHER

OBLIGATIONS TO BE ISSUED WITH RESPECT TO THE SPECIAL TAXING DISTRICT, (3) 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 INFRASTRUCTURE IMPROVEMENTS, (4) 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, (5) THE MAXIMUM AMOUNT OF SPECIAL TAXES THAT MAY BE LEVIED ON THE PROPERTY IN A YEAR, (6) THE PROJECTED TIME PERIOD OVER WHICH ANY BONDS OR OBLIGATIONS ISSUED IN CONNECTION WITH THE SPECIAL TAXING DISTRICT ARE TO BE REPAID, AND (7) YOUR RIGHT AS THE PROSPECTIVE OWNER OF THE PROPERTY TO FULLY PREPAY THE SPECIAL TAXING DISTRICT OBLIGATIONS WITH RESPECT 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 OMITTS 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.

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

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

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

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

(D) (1) A PURCHASER UNDER A CONTRACT FOR THE SALE OF PROPERTY THAT IS SUBJECT TO THIS SECTION MAY CANCEL THE CONTRACT WITHIN 20 CALENDAR DAYS OF RECEIVING THE INFORMATION UNDER SUBSECTION (B)(1) OF THIS SECTION BY DELIVERING WRITTEN NOTICE OF CANCELLATION TO THE VENDOR.

(2) UNLESS THE PURCHASER CONSENTS TO AN EARLIER SETTLEMENT DATE, THE SETTLEMENT OF A CONTRACT FOR THE SALE OF PROPERTY THAT IS SUBJECT TO THIS SECTION MAY NOT TAKE PLACE WITHIN 20 CALENDAR DAYS FROM THE DATE THE PURCHASER RECEIVES THE INFORMATION REQUIRED UNDER SUBSECTION (B)(1) OF THIS SECTION.

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

(I) HAND-DELIVERY; OR

(II) FIRST-CLASS MAIL.

(4) ON CANCELLATION OF A CONTRACT FOR THE PURCHASE OF 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.

(E) (1) ANY VENDOR THAT, IN PROVIDING THE PURCHASER WITH THE INFORMATION REQUIRED UNDER SUBSECTION (B)(1) OF THIS SECTION, MAKES

ANY FALSE STATEMENT OF A MATERIAL FACT OR OMITTS 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 VENDOR'S FALSE OR OMITTED STATEMENT.

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

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

Approved by the Governor, May 13, 2008.