

# HOUSE BILL 1370

Q8

9lr3157

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By: **Charles County Delegation**

Introduced and read first time: February 20, 2009

Assigned to: Rules and Executive Nominations

Re-referred to: Ways and Means, March 2, 2009

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 24, 2009

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Charles County - Special Taxing Districts - Hotel Rental Taxes**

3 FOR the purpose of authorizing Charles County to impose a certain hotel rental tax in  
4 a special taxing district for the financing of certain costs related to the  
5 development of resort hotels and conference centers within a waterfront  
6 planned community; requiring that Charles County may not impose a certain  
7 hotel rental tax outside a certain special taxing district; requiring that a certain  
8 hotel rental tax is in addition to a certain county hotel rental tax and that the  
9 rate of a certain hotel rental tax may not exceed the rate of a certain county  
10 hotel rental tax in effect on a certain date; requiring that the proceeds from the  
11 hotel rental tax may be used only for certain purposes; and generally relating to  
12 the authority of Charles County to impose certain hotel rental taxes to provide  
13 financing for certain hotels and conference centers.

14 BY repealing and reenacting, without amendments,  
15 Article 24 – Political Subdivisions – Miscellaneous Provisions  
16 Section 9–1301(a)(1) and (3), (b), and (c)(1) and (2)  
17 Annotated Code of Maryland  
18 (2005 Replacement Volume and 2008 Supplement)

19 BY repealing and reenacting, with amendments,  
20 Article 24 – Political Subdivisions – Miscellaneous Provisions  
21 Section 9–1301(c)(4), (f), and (o)  
22 Annotated Code of Maryland  
23 (2005 Replacement Volume and 2008 Supplement)

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

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

4 9–1301.

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

6 (3) “Cost” includes the cost of:

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

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

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

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

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

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

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

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

25 (b) This section applies only to Anne Arundel County, Calvert County, Cecil  
26 County, Charles County, Garrett County, Harford County, Howard County, Prince  
27 George’s County, St. Mary’s County, Washington County, and Wicomico County.

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

30 (i) Create a special taxing district;

31 (ii) Levy ad valorem or special taxes; and

1 (iii) Issue bonds and other obligations.

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

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

15 (II) **CHARLES COUNTY MAY EXERCISE THE AUTHORITY**  
16 **GRANTED UNDER THIS SECTION TO:**

17 **1. IMPOSE HOTEL RENTAL TAXES; AND**

18 **2. PROVIDE FINANCING, REFINANCING, OR**  
19 **REIMBURSEMENT OF COSTS FOR THE PURPOSES UNDER PARAGRAPH (2) OF**  
20 **THIS SUBSECTION RELATING TO THE DEVELOPMENT OF RESORT HOTELS AND**  
21 **CONFERENCE CENTERS WITHIN A WATERFRONT PLANNED COMMUNITY.**

22 (III) **CHARLES COUNTY MAY NOT IMPOSE A HOTEL RENTAL**  
23 **TAX UNDER THIS PARAGRAPH OUTSIDE A SPECIAL TAXING DISTRICT**  
24 **ESTABLISHED UNDER THIS SECTION.**

25 (IV) **1. THE HOTEL RENTAL TAX AUTHORIZED UNDER**  
26 **THIS PARAGRAPH IS IN ADDITION TO THE HOTEL RENTAL TAX AUTHORIZED**  
27 **UNDER SUBTITLE 3 OF THIS TITLE.**

28 **2. THE RATE OF THE HOTEL RENTAL TAX**  
29 **AUTHORIZED UNDER THIS PARAGRAPH MAY NOT EXCEED THE RATE OF THE**  
30 **HOTEL RENTAL TAX IMPOSED UNDER SUBTITLE 3 OF THIS TITLE IN EFFECT ON**  
31 **THE DATE THE GOVERNING BODY OF CHARLES COUNTY CREATES A SPECIAL**  
32 **TAXING DISTRICT UNDER THIS SECTION.**

33 (V) **THE PROCEEDS FROM THE HOTEL RENTAL TAX**  
34 **AUTHORIZED UNDER THIS PARAGRAPH MAY BE USED ONLY FOR THE PURPOSES**  
35 **AUTHORIZED UNDER THIS SECTION.**

1 (f) (1) Before issuing these bonds, the governing body of the county shall:

2 (i) Designate by resolution an area or areas as a special taxing  
3 district;

4 (ii) Subject to paragraph (2) of this subsection, adopt a  
5 resolution creating a special fund with respect to the special taxing district; and

6 (iii) Provide for the levy of an ad valorem or special tax on all  
7 real and personal property within the special taxing district at a rate or amount  
8 designed to provide adequate revenues to pay the principal of, interest on, and  
9 redemption premium, if any, on the bonds, to replenish any debt service reserve fund,  
10 and for any other purpose related to the ongoing expenses of or security for the bonds.  
11 Ad valorem taxes shall be levied in the same manner, upon the same assessments, for  
12 the same period or periods, and as of the same date or dates of finality as are now or  
13 may hereafter be prescribed for general ad valorem tax purposes within the district,  
14 and shall be discontinued when all of the bonds have been paid in full. Special taxes  
15 shall be levied pursuant to subsection (o) of this section.

16 (2) The resolution creating a special fund under paragraph (1)(ii) of  
17 this subsection shall:

18 (i) Pledge to the special fund the proceeds of the ad valorem or  
19 special tax to be levied as provided under paragraph (1)(iii) of this subsection; and

20 (ii) Require that the proceeds from the tax be paid into the  
21 special fund.

22 **(3) IN CHARLES COUNTY, THE TAXES PROVIDED UNDER THIS**  
23 **SUBSECTION FOR PAYMENT OF THE BONDS AND PLEDGED TO THE SPECIAL**  
24 **FUND MAY INCLUDE THE HOTEL RENTAL TAX AUTHORIZED UNDER SUBSECTION**  
25 **(C)(4) OF THIS SECTION.**

26 (o) (1) (I) As an alternative to levying ad valorem taxes under this  
27 section, the governing body of the county may levy special taxes on property in a  
28 special taxing district to cover the cost of infrastructure improvements.

29 (II) ~~AS AN ALTERNATIVE~~ **IN ADDITION TO LEVYING AD**  
30 **VALOREM TAXES OR SPECIAL TAXES UNDER THIS SECTION, CHARLES COUNTY**  
31 **MAY IMPOSE A HOTEL RENTAL TAX IN A SPECIAL TAXING DISTRICT TO PROVIDE**  
32 **FINANCING, REFINANCING, OR REIMBURSEMENT OF COSTS FOR THE PURPOSES**  
33 **UNDER SUBSECTION (C)(2) OF THIS SECTION RELATING TO THE DEVELOPMENT**  
34 **OF RESORT HOTELS AND CONFERENCE CENTERS WITHIN A WATERFRONT**  
35 **PLANNED COMMUNITY.**

1           (2) In determining the basis for and amount of [the] A tax **IMPOSED**  
2 **UNDER PARAGRAPH (1)(I) OF THIS SUBSECTION**, the cost of an improvement may  
3 be calculated and levied:

4                   (i) Equally per front foot, lot, parcel, dwelling unit, or square  
5 foot;

6                   (ii) According to the value of the property as determined by the  
7 governing body, with or without regard to improvements on the property; or

8                   (iii) In any other reasonable manner that results in fairly  
9 allocating the cost of the infrastructure improvements.

10           (3) The governing body of the county may provide by ordinance or  
11 resolution for:

12                   (i) A maximum amount to be assessed with respect to any  
13 parcel of property located within a special taxing district;

14                   (ii) A tax year or other date after which no further special taxes  
15 under this section shall be levied or collected on a parcel; and

16                   (iii) The circumstances under which the special tax levied  
17 against any parcel may be increased, if at all, as a consequence of delinquency or  
18 default by the owner of that parcel or any other parcel within the special taxing  
19 district.

20           (4) The governing body by ordinance or resolution may establish  
21 procedures allowing for the prepayment of special taxes under this section.

22           (5) Special taxes levied under this subsection shall be collected and  
23 secured in the same manner as general ad valorem taxes unless otherwise provided in  
24 the ordinance or resolution and shall be subject to the same penalties and the same  
25 procedure, sale, and lien priority in case of delinquency as is provided for general ad  
26 valorem taxes.

27           **SECTION 2. AND BE IT FURTHER ENACTED**, That this Act shall take effect  
28 July 1, 2009.