

CHAPTER 722

(House Bill 1370)

AN ACT concerning

Charles County – Special Taxing Districts – Hotel Rental Taxes

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

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

BY repealing and reenacting, with amendments,
Article 24 – Political Subdivisions – Miscellaneous Provisions
Section 9–1301(c)(4), (f), and (o)
Annotated Code of Maryland
(2005 Replacement Volume and 2008 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.
- (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.

(b) This section applies only to Anne Arundel County, Calvert County, Cecil County, Charles County, Garrett County, Harford 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.

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

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

1. IMPOSE HOTEL RENTAL TAXES; AND

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Approved by the Governor, May 19, 2009.