

SENATE BILL 450

Q2

EMERGENCY BILL

0lr2140
CF HB 476

By: **Senators Brinkley and Mooney**

Introduced and read first time: February 1, 2010

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Frederick County – Property Tax Setoff**

3 FOR the purpose of requiring the governing body of Frederick County to grant a
4 property tax setoff to a municipal corporation in an amount no less than the
5 amount granted for a certain tax year and in an amount that increases by a
6 certain percentage under certain circumstances; making this Act an emergency
7 measure; and generally relating to property tax setoff in Frederick County.

8 BY repealing and reenacting, with amendments,
9 Article – Tax – Property
10 Section 6–305
11 Annotated Code of Maryland
12 (2007 Replacement Volume and 2009 Supplement)

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

15 **Article – Tax – Property**

16 6–305.

17 (a) In this section, “tax setoff” means:

18 (1) the difference between the general county property tax rate and
19 the property tax rate that is set for assessments of property in a municipal
20 corporation; or

21 (2) a payment to a municipal corporation to aid the municipal
22 corporation in funding services or programs that are similar to county services or
23 programs.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



- 1 (b) This section applies only in:
- 2 (1) Allegany County;
- 3 (2) Anne Arundel County;
- 4 (3) Baltimore County;
- 5 (4) Frederick County;
- 6 (5) Garrett County;
- 7 (6) Harford County;
- 8 (7) Howard County;
- 9 (8) Montgomery County; and
- 10 (9) Prince George's County.

11 (c) The governing body of the county shall meet and discuss with the
12 governing body of any municipal corporation in the county the county property tax
13 rate to be set for assessments of property in the municipal corporation as provided in
14 this section. After the meeting if it can be demonstrated that a municipal corporation
15 performs services or programs instead of similar county services or programs, the
16 governing body of the county shall grant a tax setoff to the municipal corporation.

17 (d) **[In] EXCEPT AS PROVIDED IN SUBSECTION (K) OF THIS SECTION, IN**
18 **determining the county property tax rate to be set for assessments of property in a**
19 **municipal corporation, the governing body of the county shall consider:**

20 (1) the services and programs that are performed by the municipal
21 corporation instead of similar county services and programs; and

22 (2) the extent that the similar services and programs are funded by
23 property tax revenues.

24 (e) The county property tax rate for assessments of property located in a
25 municipal corporation is not required to be:

26 (1) the same as the rate for property located in other municipal
27 corporations in the county; or

28 (2) the same as the rate set in a prior year.

29 (f) (1) At least 180 days before the date that the annual county budget is
30 required to be approved, any municipal corporation in the county that desires that a

1 tax setoff be provided shall submit to the county a proposal that states the desired
2 level of property tax setoff for the next fiscal year.

3 (2) (i) A request submitted under paragraph (1) of this subsection
4 shall be accompanied by:

5 1. a description of the scope and nature of the services or
6 programs provided by the municipal corporation instead of similar services or
7 programs provided by the county; and

8 2. financial records and other documentation regarding
9 municipal revenues and expenditures.

10 (ii) The materials submitted under subparagraph (i) of this
11 paragraph shall provide sufficient detail for an assessment of the similar services or
12 programs.

13 (3) After receiving a proposal from a municipal corporation requesting
14 a tax setoff under this subsection, the governing body of the county shall promptly
15 submit to the municipal corporation financial records and other documentation
16 regarding county revenues and expenditures.

17 (g) (1) At least 90 days before the date that the annual county budget is
18 required to be approved, the county and any municipal corporation submitting a tax
19 setoff request under subsection (f) of this section shall designate appropriate policy
20 and fiscal officers or representatives to meet and discuss the nature of the tax setoff
21 request, relevant financial information of the county and municipal corporation, and
22 the scope and nature of services provided by both entities.

23 (2) A meeting held under paragraph (1) of this subsection may be held
24 by the county representatives jointly with representatives from more than one
25 municipal corporation.

26 (3) (i) The county officers or representatives may request from the
27 municipal corporation officers or representatives additional information that may
28 reasonably be needed to assess the tax setoff.

29 (ii) The municipal corporation officers or representatives shall
30 provide the additional information expeditiously.

31 (h) (1) At or before the time the proposed county budget is released to the
32 public, the county commissioners, the county executive of a charter county, or the
33 county council of a charter county without a county executive shall submit a statement
34 of intent to each municipal corporation that has requested a tax setoff.

35 (2) The statement of intent shall contain:

36 (i) an explanation of the level of the proposed tax setoff;

1 (ii) a description of the information or process used to determine
2 the level of the proposed tax setoff; and

3 (iii) an indication that, before the budget is enacted, appropriate
4 officials or representatives of the municipal corporation are entitled to appear before
5 the county governing body to discuss or contest the level of the proposed tax setoff.

6 (i) Representatives of each municipal corporation in the county requesting a
7 tax setoff shall be afforded an opportunity to testify before the county governing body
8 during normally scheduled hearings on the county's proposed budget.

9 (j) Notwithstanding the provisions of subsections (d), (f), and (g) of this
10 section:

11 (1) a county and one or more municipal corporations may enter into an
12 agreement setting different terms or timing for negotiations, calculations, or approval
13 of a tax setoff; and

14 (2) a county may grant a tax setoff to a municipal corporation that
15 does not make a request in the fashion described in this section.

16 **(K) IN FREDERICK COUNTY, FOR THE TAXABLE YEAR THAT BEGINS**
17 **JULY 1, 2011, AND EACH TAXABLE YEAR THEREAFTER, THE GOVERNING BODY**
18 **OF FREDERICK COUNTY SHALL GRANT A TAX SETOFF TO A MUNICIPAL**
19 **CORPORATION IN AN AMOUNT THAT:**

20 **(1) IS NO LESS THAN THE TAX SETOFF GRANTED TO THAT**
21 **MUNICIPAL CORPORATION FOR THE PRECEDING TAXABLE YEAR; AND**

22 **(2) INCREASES BY THE SAME PERCENTAGE BY WHICH THE**
23 **COUNTY PROPERTY TAX RATE EXCEEDS THE CONSTANT YIELD RATE.**

24 SECTION 2. AND BE IT FURTHER ENACTED, That for the taxable year that
25 begins July 1, 2010, the governing body of Frederick County shall grant a tax setoff to
26 a municipal corporation in an amount that is no less than the amount granted to that
27 municipal corporation for the taxable year that began July 1, 2008, and increases by
28 the same percentage by which the county property tax rate exceeds the constant yield
29 rate.

30 SECTION 3. AND BE IT FURTHER ENACTED, That this Act is an emergency
31 measure, is necessary for the immediate preservation of the public health or safety,
32 has been passed by a ye and nay vote supported by three-fifths of all the members
33 elected to each of the two Houses of the General Assembly, and shall take effect from
34 the date it is enacted.