

## HB 1200

### Department of Legislative Services Maryland General Assembly 2010 Session

#### FISCAL AND POLICY NOTE Revised

House Bill 1200

(Calvert County Delegation)

Ways and Means

Budget and Taxation

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#### Calvert County - Special Taxing Districts

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This bill provides that any funds, or portion of the funds, remaining in a special taxing district in Calvert County at the termination of the special taxing district may be applied to a future special taxing district established for the same subdivision; or applied to a special taxing district reserve fund as agreed to by the county commissioners and the homeowners' association. Alternatively, the funds may be returned to the property owners in the special taxing district in the form of a property tax credit or refund, as determined by the county commissioners.

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#### Fiscal Summary

**State Effect:** None.

**Local Effect:** None. Calvert County revenues and expenditures are not affected.

**Small Business Effect:** None.

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#### Analysis

**Current Law:** The Calvert County Commissioners may establish special taxing districts and collect special taxes or assessments on property in those districts to pay the cost of providing community roads and streets, lakes, canals, and other community-wide amenities approved by the county commissioners.

A special taxing district may not be created or special tax levied until a petition requesting a district is received from a homeowners' association. All unpaid special taxes must be, until paid, liens on the real property on which they are imposed from the

date they became or become payable. The special tax levy must be included with the other real property taxes levied by Calvert County and may be collected in the same manner as other real property taxes are collected. All monies received from any special tax must be spent in the district from which collected for the purpose specified in the advertised notice.

**Background:** All counties have authority to establish special taxing districts for limited purposes, such as providing drainage improvements or providing street lighting. In addition, the governing bodies of counties that have adopted charter home rule or code home rule also have broad authority under the Express Powers Act to create special taxing districts to carry out most “municipal-type services.” The number of special taxing districts established under this authority varies significantly.

In addition, the General Assembly has granted 12 counties (Anne Arundel, Baltimore, Calvert, Cecil, Charles, Garrett, Harford, Howard, Prince George’s, St. Mary’s, Washington, and Wicomico) and Baltimore City broad authority to create special taxing districts and to levy ad valorem taxes and issue bonds and other obligations for purposes of financing infrastructure improvements. The types of infrastructure improvements authorized include storm drainage systems, water and sewer systems, roads, lighting, parking, parks and recreational facilities, libraries, schools, transit facilities, and solid waste facilities.

**Local Fiscal Effect:** The bill will not affect Calvert County revenues or expenditures. Funds collected by special taxing districts are held by the county and used for and by the residents of a special taxing district. At the completion of the special taxing district, the county may return any excess funds, if it is requested by the community. The bill allows the county to apply any excess funds toward future special taxing district levies, a special taxing district reserve fund, or as a credit against future property taxes, or as a refund to homeowners.

Since 2001 three communities in Calvert County – White Sands, Chesapeake Ranch Estates, and Drum Point – have had special taxing districts.

The White Sands special taxing district is final and all revenues collected from homeowners in that community have been spent.

Chesapeake Ranch Estates has had three special taxing districts since 2001. The current special taxing district consists of 4,980 lots; each lot is assessed a \$250 fee. Accounts receivable for the district totaled \$1,245,000 at the beginning of the year. The previous two special taxing districts for the community each have a balance remaining. The first district has a balance of \$1,100 and the second district has a balance of \$144,000. An

agreement with the community enables the county government to use funds from a previous special taxing district on current projects within the community.

The Drum Point community is on its fourth special taxing district since 2001. The current special taxing district consists of 1,568 lots; each lot is assessed a \$50 fee. Accounts receivable for the district totaled \$78,400 at the beginning of the year. An agreement between the county and the community allows funds remaining from the three previous special taxing districts to be used for current and future projects within the district. The three previous Drum Point special taxing districts have funds remaining; the first district has a balance of \$0.10; the second district has a balance of \$46.15; and the third district has a balance of approximately \$400,400.

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## **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 957 (Senator Miller) - Budget and Taxation.

**Information Source(s):** Calvert County, Department of Legislative Services

**Fiscal Note History:** First Reader - March 18, 2010

ncs/hlb Revised - House Third Reader - March 31, 2010

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