

HOUSE BILL 681

Q2

5lr0487

By: **Prince George's County Delegation**

Introduced and read first time: February 12, 2015

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Prince George's County – Municipal Tax Setoff – Report**

3 **PG 417–15**

4 FOR the purpose of requiring the governing body of Prince George's County, on or before a
5 certain date each year, to complete a report concerning the county's municipal tax
6 setoffs that includes certain information; requiring the report to be made available
7 in a certain manner; and generally relating to municipal tax setoffs in Prince
8 George's County.

9 BY repealing and reenacting, with amendments,
10 Article – Tax – Property
11 Section 6–305
12 Annotated Code of Maryland
13 (2012 Replacement Volume and 2014 Supplement)

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

16 **Article – Tax – Property**

17 6–305.

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

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

21 (2) a payment to a municipal corporation to aid the municipal corporation
22 in funding services or programs that are similar to county services or 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 governing
12 body of any municipal corporation in the county the county property tax rate to be set for
13 assessments of property in the municipal corporation as provided in this section. After the
14 meeting if it can be demonstrated that a municipal corporation performs services or
15 programs instead of similar county services or programs, the governing body of the county
16 shall grant a tax setoff to the municipal corporation.

17 (d) Except as provided in subsection (k) of this section, in determining the county
18 property tax rate to be set for assessments of property in a municipal corporation, the
19 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 tax

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

3 (2) (i) A request submitted under paragraph (1) of this subsection shall
4 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 programs
7 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 a
14 tax setoff under this subsection, the governing body of the county shall promptly submit to
15 the municipal corporation financial records and other documentation regarding county
16 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 setoff
19 request under subsection (f) of this section shall designate appropriate policy and fiscal
20 officers or representatives to meet and discuss the nature of the tax setoff request, relevant
21 financial information of the county and municipal corporation, and the scope and nature of
22 services provided by both entities.

23 (2) A meeting held under paragraph (1) of this subsection may be held by
24 the county representatives jointly with representatives from more than one municipal
25 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 county
33 council of a charter county without a county executive shall submit a statement of intent
34 to each municipal corporation that has requested a tax setoff.

35 (2) The statement of intent shall contain:

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- 1 (i) an explanation of the level of the proposed tax setoff;
- 2 (ii) a description of the information or process used to determine the
3 level of the proposed tax setoff; and
- 4 (iii) an indication that, before the budget is enacted, appropriate
5 officials or representatives of the municipal corporation are entitled to appear before the
6 county governing body to discuss or contest the level of the proposed tax setoff.

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

10 (j) Notwithstanding the provisions of subsections (d), (f), and (g) of this 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 of a
13 tax setoff; and

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

16 (k) In Frederick County, for the taxable years that begin July 1, 2011, and July
17 1, 2012, the governing body of Frederick County shall grant a tax setoff to a municipal
18 corporation in an amount that:

19 (1) is no less than the tax setoff granted to that municipal corporation for
20 the preceding taxable year; and

21 (2) increases by the same percentage by which the county property tax rate
22 exceeds the constant yield tax rate.

23 **(L) (1) ON OR BEFORE JANUARY 31 EACH YEAR, THE GOVERNING BODY**
24 **OF PRINCE GEORGE'S COUNTY SHALL COMPLETE A REPORT THAT INCLUDES:**

25 **(I) THE AMOUNT OF THE TAX SETOFF GRANTED TO EACH**
26 **MUNICIPAL CORPORATION IN THE CURRENT FISCAL YEAR;**

27 **(II) IN THE FORM PROVIDED BY EACH MUNICIPAL**
28 **CORPORATION, A DETAILED DESCRIPTION OF THE SCOPE AND NATURE OF THE**
29 **INDIVIDUAL SERVICES OR PROGRAMS PROVIDED BY EACH MUNICIPAL**
30 **CORPORATION INSTEAD OF SIMILAR SERVICES OR PROGRAMS PROVIDED BY THE**
31 **COUNTY; AND**

1 **(III) A DETAILED DESCRIPTION OF THE METHODOLOGY USED BY**
2 **THE COUNTY TO DETERMINE THE AMOUNT OF THE TAX SETOFFS, INCLUDING ANY**
3 **FORMULAS.**

4 **(2) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE REPORT**
5 **REQUIRED UNDER THIS SUBSECTION SHALL BE:**

6 **(I) AVAILABLE TO MUNICIPAL CORPORATIONS IN PRINCE**
7 **GEORGE'S COUNTY ON REQUEST; AND**

8 **(II) SUBMITTED TO THE PRINCE GEORGE'S COUNTY HOUSE**
9 **DELEGATION AND THE PRINCE GEORGE'S COUNTY SENATORS.**

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
11 1, 2015.