

# HOUSE BILL 45

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(PRE-FILED)

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By: **Delegates McIntosh and M. Washington**

Requested: October 23, 2015

Introduced and read first time: January 13, 2016

Assigned to: Appropriations

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## A BILL ENTITLED

1 AN ACT concerning

2 **State Education Aid – Real Property Valuation – Tax Increment Financing**

3 FOR the purpose of requiring the assessed valuation of certain real property used in  
4 calculating the wealth of a jurisdiction for purposes of education aid to remain at a  
5 certain assessment for a certain period of time under certain circumstances; defining  
6 certain terms; providing for the application of this Act; and generally relating to the  
7 calculation of education aid for primary and secondary education.

8 BY repealing and reenacting, without amendments,

9 Article – Economic Development

10 Section 12–201(a), (c), (e), (h), and (k) and 12–203(a)

11 Annotated Code of Maryland

12 (2008 Volume and 2015 Supplement)

13 BY repealing and reenacting, without amendments,

14 Article – Education

15 Section 5–202(a)(1), (4), (9) through (11), and (14) and (b) and 16–305(a) and (b)(1)

16 Annotated Code of Maryland

17 (2014 Replacement Volume and 2015 Supplement)

18 BY repealing and reenacting, with amendments,

19 Article – Education

20 Section 5–202(a)(3) and 16–305(b)(2)

21 Annotated Code of Maryland

22 (2014 Replacement Volume and 2015 Supplement)

23 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

24 That the Laws of Maryland read as follows:

25 **Article – Economic Development**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 12–201.

2 (a) In this subtitle the following words have the meanings indicated.

3 (c) “Assessable base” means the total assessable base, as determined by the  
4 Supervisor of Assessments or the governing body in accordance with § 12–203(b) of this  
5 subtitle, of all real property subject to taxation in a development district or a sustainable  
6 community.

7 (e) “Bond” means a revenue bond, note, or other similar instrument issued in  
8 accordance with this subtitle by:

9 (1) a political subdivision; or

10 (2) the revenue authority of Prince George’s County.

11 (h) “Development district” means a contiguous area designated by a resolution.

12 (k) “Original base” means the assessable base:

13 (1) as of January 1 of the year preceding the effective date of the resolution  
14 creating the development district under § 12–203 of this subtitle; or

15 (2) if the political subdivision determined the original base in accordance  
16 with § 12–203(b) of this subtitle, the base value as established in the resolution.

17 12–203.

18 (a) Before issuing bonds, the governing body of the political subdivision shall:

19 (1) by resolution:

20 (i) designate a contiguous area within its jurisdiction as a  
21 development district;

22 (ii) identify an area that has been designated a sustainable  
23 community; or

24 (iii) identify an area that has been designated a RISE zone;

25 (2) receive from the Supervisor of Assessments a certification of the  
26 amount of the original base, or if applicable, the adjusted assessable base; and

27 (3) pledge that until the bonds are fully paid, or a longer period, the real  
28 property taxes in the development district, a RISE zone, or a sustainable community shall  
29 be divided as follows:

1 (i) the portion of the taxes that would be produced at the current tax  
2 rate on the original taxable value base shall be paid to the respective taxing authorities in  
3 the same manner as taxes on other property are paid; and

4 (ii) the portion of the taxes on the tax increment that normally would  
5 be paid into the general fund of the political subdivision shall be paid into the special fund  
6 established under § 12–208 of this subtitle and applied in accordance with § 12–209 of this  
7 subtitle.

## 8 Article – Education

9 5–202.

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

11 (3) (I) **[“Assessed] EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF**  
12 **THIS PARAGRAPH, “ASSESSED valuation of real property” means the most recent**  
13 **estimate made by the State Department of Assessments and Taxation before the annual**  
14 **State budget is submitted to the General Assembly, of the assessed value of real property**  
15 **for State purposes as of July 1 of the first completed fiscal year before the school year for**  
16 **which the calculation of State aid is made under this section.**

17 (II) **1. FOR THE PURPOSE OF THE CALCULATIONS UNDER**  
18 **THIS SUBTITLE ONLY AND FOR REAL PROPERTY THAT IS LOCATED IN A**  
19 **DEVELOPMENT DISTRICT ESTABLISHED UNDER TITLE 12, SUBTITLE 2 OF THE**  
20 **ECONOMIC DEVELOPMENT ARTICLE, “ASSESSED VALUATION OF REAL PROPERTY”**  
21 **HAS THE SAME MEANING AS THAT OF “ORIGINAL BASE” AS DEFINED IN § 12–201 OF**  
22 **THE ECONOMIC DEVELOPMENT ARTICLE.**

23 **2. THE ASSESSED VALUATION OF REAL PROPERTY**  
24 **UNDER SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH SHALL BE USED UNTIL A**  
25 **BOND ISSUED UNDER TITLE 12, SUBTITLE 2 OF THE ECONOMIC DEVELOPMENT**  
26 **ARTICLE HAS BEEN FULLY PAID.**

27 (4) “Assessed value of personal property” means the most recent estimate  
28 by the State Department of Assessments and Taxation before the annual State budget is  
29 submitted to the General Assembly of the assessed value for county purposes of personal  
30 property as of July 1 of the first completed fiscal year before the school year for which the  
31 calculation is made under this section.

32 (9) “Net taxable income” means the amount certified by the State  
33 Comptroller for the second completed calendar year before the school year for which the  
34 calculation of State aid under this section is made, based on tax returns filed on or before:

35 (i) September 1 after the current calendar year; and

1 (ii) November 1 after the current calendar year.

2 (10) "Personal property" means all property classified as personal property  
3 under § 8–101(c) of the Tax – Property Article.

4 (11) "Real property" means all property classified as real property under §  
5 8–101(b) of the Tax – Property Article.

6 (14) "Wealth" means the sum of:

7 (i) Net taxable income;

8 (ii) 100 percent of the assessed value of the operating real property  
9 of public utilities;

10 (iii) 40 percent of the assessed valuation of all other real property;  
11 and

12 (iv) 50 percent of assessed value of personal property.

13 (b) Subject to the other provisions of this section, each year the State shall  
14 distribute the State share of the foundation program to each county board.

15 16–305.

16 (a) The formula used for the distribution of funds to the community colleges in  
17 the State shall be known as the Senator John A. Cade Funding Formula.

18 (b) (1) In this section the following words have the meanings indicated.

19 (2) "Assessed valuation of real property" means [assessed valuation of real  
20 property as determined for purposes of the State aid calculated under § 5–202 of this  
21 article] **THE MOST RECENT ESTIMATE MADE BY THE STATE DEPARTMENT OF**  
22 **ASSESSMENTS AND TAXATION BEFORE THE ANNUAL STATE BUDGET IS SUBMITTED**  
23 **TO THE GENERAL ASSEMBLY OF THE ASSESSED VALUE OF REAL PROPERTY FOR**  
24 **STATE PURPOSES AS OF JULY 1 OF THE FIRST COMPLETED FISCAL YEAR BEFORE**  
25 **THE SCHOOL YEAR FOR WHICH THE CALCULATION OF STATE AID IS MADE.**

26 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be applicable to  
27 the calculation of payments of State aid to counties and Baltimore City for fiscal years  
28 beginning after June 30, 2017.

29 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
30 1, 2016.