

SENATE BILL 455

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CF HB 285

By: **Senator McFadden**

Introduced and read first time: February 2, 2016

Assigned to: Budget and Taxation

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 – Education

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

11 Annotated Code of Maryland

12 (2014 Replacement Volume and 2015 Supplement)

13 BY repealing and reenacting, with amendments,

14 Article – Education

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

16 Annotated Code of Maryland

17 (2014 Replacement Volume and 2015 Supplement)

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

19 That the Laws of Maryland read as follows:

20 **Article – Education**

21 5–202.

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

7 **(II) 1. FOR THE PURPOSE OF THE CALCULATIONS UNDER**
8 **THIS SUBTITLE ONLY, FOR REAL PROPERTY THAT IS LOCATED IN A DEVELOPMENT**
9 **DISTRICT ESTABLISHED UNDER TITLE 12, SUBTITLE 2 OF THE ECONOMIC**
10 **DEVELOPMENT ARTICLE OR ARTICLE II, § 62 OF THE CHARTER OF BALTIMORE**
11 **CITY, THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION SHALL USE THE**
12 **ASSESSABLE BASE AS OF JANUARY 1 OF THIS YEAR IN WHICH THE ORDINANCE OR**
13 **RESOLUTION ESTABLISHING THE DEVELOPMENT DISTRICT BECOMES EFFECTIVE IN**
14 **THE MOST RECENT ESTIMATE OF “ASSESSED VALUATION OF REAL PROPERTY”.**

15 **2. THE ASSESSED VALUATION OF REAL PROPERTY**
16 **UNDER SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH SHALL BE USED UNTIL THE**
17 **ORDINANCE OR RESOLUTION ADOPTED UNDER TITLE 12, SUBTITLE 2 OF THE**
18 **ECONOMIC DEVELOPMENT ARTICLE OR ARTICLE II, § 62 OF THE CHARTER OF**
19 **BALTIMORE CITY ESTABLISHING THE DEVELOPMENT DISTRICT IS NO LONGER IN**
20 **EFFECT.**

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

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

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

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

31 (10) “Personal property” means all property classified as personal property
32 under § 8–101(c) of the Tax – Property Article.

33 (11) “Real property” means all property classified as real property under
34 § 8–101(b) of the Tax – Property Article.

35 (14) “Wealth” means the sum of:

36 (i) Net taxable income;

1 (ii) 100 percent of the assessed value of the operating real property
2 of public utilities;

3 (iii) 40 percent of the assessed valuation of all other real property;
4 and

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

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

8 16–305.

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

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

12 (2) “Assessed valuation of real property” means [assessed valuation of real
13 property as determined for purposes of the State aid calculated under § 5–202 of this
14 article] **THE MOST RECENT ESTIMATE MADE BY THE STATE DEPARTMENT OF**
15 **ASSESSMENTS AND TAXATION BEFORE THE ANNUAL STATE BUDGET IS SUBMITTED**
16 **TO THE GENERAL ASSEMBLY OF THE ASSESSED VALUE OF REAL PROPERTY FOR**
17 **STATE PURPOSES AS OF JULY 1 OF THE FIRST COMPLETED FISCAL YEAR BEFORE**
18 **THE SCHOOL YEAR FOR WHICH THE CALCULATION OF STATE AID IS MADE UNDER**
19 **THIS SECTION.**

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be applicable to
21 the calculation of payment of State aid to counties and Baltimore City for fiscal years
22 beginning after June 30, 2016.

23 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect June
24 1, 2016.