

Department of Legislative Services  
Maryland General Assembly  
2025 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 1467 (Delegates Howard and Hornberger)  
Environment and Transportation

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Local Finance - Special Taxing Districts - Erosion Prevention Projects and  
Erosion Control Projects

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This bill establishes that an existing requirement – that at least 75% of real property owners in a special taxing district established to finance erosion prevention or control projects sign a petition requesting construction of a project before the district council may construct it – does not apply to (1) the development and completion of plans and specifications for the construction of a project; (2) the permitting activities associated with the project; or (3) the preparation of a cost estimate for the project. The petition requirement may not be construed as limiting or restricting a district from accessing any money kept for the benefit of the district to pay for those activities. Additionally, the bill requires that any interest earnings on money deposited for a district be credited to the district. **The bill takes effect June 1, 2025.**

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Fiscal Summary

**State Effect:** The bill does not directly affect State finances.

**Local Effect:** The bill may affect the amount or timing of expenditures and revenues of special taxing districts established to finance erosion prevention or control projects, as discussed below.

**Small Business Effect:** Potential meaningful.

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Analysis

**Current Law:** State law establishes that (1) each recorded subdivision that abuts a body of water in the State is a special taxing district for financing erosion prevention or control

projects and (2) each district established must be named for the subdivision from which the district is created. The governing body of a county is the district council for each district in the county. A district council must (1) keep a separate record of its proceedings for each district and (2) deposit all money received for each district to the credit of that district. The district council must require the depository of money received for a district to give the same security for the repayment of money deposited and pay the same interest on the money as is required for the deposit of county funds.

The district council may construct a project in a district if requested by a petition signed by at least 75% of the real property owners in the district. When the plans and specifications for the construction of a project in a district are complete, the district council must notify each owner of real property in the district (1) that the plans and specifications are complete and available for inspection; (2) of the probable cost of the project; and (3) the date and place of a hearing on the petition. After holding a hearing, the district council must decide whether to proceed with the project.

The district council may borrow money, on the full faith and credit of the district, through issuance of bonds, notes, or other evidence of indebtedness to finance a project. The district must impose a benefit charge on real property in the district that benefits from a project, and a tax on all assessable property in a district that has been improved by a project, that together (1) meet the interest and principal payments due on bonds, notes, or other evidence of indebtedness issued to finance projects; (2) pay the costs of repairing and maintaining projects; and (3) pay the necessary expenses of the district.

**Local Fiscal Effect:** The bill may affect the amount or timing of expenditures and revenues of special taxing districts established to finance erosion prevention or control projects. Under the bill, the special taxing district can move forward with certain aspects of a project without receiving the prior approval of property owners within the district. In certain cases, the special taxing district would need to develop plans and specifications for the construction project prior to presenting the proposal to the property owners. Absent the bill, the special taxing district may not have the finances to prepare the plans, thus delaying or preventing the start of the project.

The bill's provision regarding crediting of interest earnings is not expected to materially affect district finances. Under current law, the depository of money deposited to the credit of the district must pay interest on the money as is required for the deposit of county funds.

**Small Business Effect:** Small businesses involved in the planning or construction of erosion prevention or control projects may meaningfully benefit from the bill to the extent it allows for projects to go forward that are otherwise delayed or not constructed in the absence of the bill.

## Additional Information

**Recent Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** None.

**Information Source(s):** Department of Natural Resources; Maryland Department of Planning; Anne Arundel, Baltimore, Montgomery, Prince George's, and Queen Anne's counties; Baltimore City; Department of Legislative Services

**Fiscal Note History:** First Reader - March 2, 2025  
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