

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 1467

(Delegates Howard and Behler)

Environment and Transportation

Budget and Taxation

**Local Finance - Special Taxing Districts - Anne Arundel County Erosion
Prevention Projects and Erosion Control Projects**

This emergency bill modifies existing law governing special taxing districts for financing erosion prevention or control projects by establishing that (1) an existing requirement that construction of an erosion prevention or control project be requested by a petition signed by at least 75% of real property owners in the district does not apply to construction of a project and related activities in a district in Anne Arundel County and (2) requirements of notice and a hearing prior to a decision to proceed with a project do not apply to Anne Arundel County. In addition, under provisions that are generally applicable and not limited to Anne Arundel County, the bill establishes that (1) the entity administering a shore erosion control district may use tax funds for the maintenance, repair, or restoration of an existing project after conducting a public hearing and without a petition, regardless of the initial source of funding for the project and (2) any interest earnings on money deposited for a special taxing district established to finance erosion prevention or control projects must be credited to the district.

Fiscal Summary

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

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

Small Business Effect: Potential meaningful.

Analysis

Bill Summary:

Anne Arundel County Provisions

The 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, for a district in Anne Arundel County, 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; (3) the preparation of a cost estimate for the project; or (4) the construction of a 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.

The bill also exempts Anne Arundel County from existing provisions that require notice to be given to each owner of real property in the district, and a hearing to be held, before the district council decides whether to proceed with a project.

Special Taxing Districts for Erosion Prevention or Control, Generally

Under the existing provisions governing special taxing districts for financing erosion prevention or control projects, the bill authorizes the entity administering a shore erosion control district (discussed below under Current Law) to use tax funds for the maintenance, repair, or restoration of an existing project after conducting a public hearing and without a petition. This authorization applies to any existing shoreline erosion control project within a district, regardless of the initial source of funding.

Additionally, the bill requires that any interest earnings on money deposited for a special taxing district established to finance erosion prevention or control projects be credited to the district.

Current Law:

Special Taxing Districts for Erosion Prevention or Control

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.

Shore Erosion Control Districts

Separate from State law governing special taxing districts for financing erosion prevention or control projects (discussed above), State law also authorizes the establishment of shore erosion control districts by the governing body of a county (1) at the request of property owners (through a petition presented to the governing body of each affected county by owners of 75% of the real property in a proposed district or 75% of the owners of real property in the proposed district) and (2) after review by, and recommendation of, the Department of Natural Resources (DNR). The governing body of a county may act as the district council for a shore erosion control district and may finance and construct an erosion control project in a shore erosion control district in accordance with the State law provisions, discussed above, governing special taxing districts for financing erosion prevention or control projects.

The County Council of Anne Arundel County is also authorized to impose a direct tax on property in a shore erosion control district to (1) repay a specified loan from DNR to the county for the construction of a shore erosion control project for the benefit of a shore erosion control district and (2) pay for maintenance, repair, or reconstruction of erosion control projects.

Local Fiscal Effect: The bill may affect the amount and/or timing of expenditures and revenues of special taxing districts established to finance erosion prevention or control projects (or shore erosion control districts) in Anne Arundel County. Under the bill, in the county, a district can move forward with a project without (1) receiving the prior approval of property owners within the district through a petition, or (2) providing notice to property owners and holding a hearing. To the extent the petition and/or notice/hearing requirements otherwise delay or prevent, or have delayed or prevented, the start of any erosion prevention or control projects in districts in Anne Arundel County, district expenditures and revenues accelerate and/or increase because of the bill.

Shore erosion control districts in Anne Arundel County or other jurisdictions may also benefit from the bill's provisions allowing maintenance, repair, or restoration of an existing project, using tax funds, after a hearing and without a petition, regardless of the initial source of funding for the project, to the extent those provisions allow greater use of district tax funds than under current law.

The bill's provision regarding crediting of interest earnings is not expected to materially affect district finances, in Anne Arundel County or other jurisdictions. 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, or in the maintenance, repair, or restoration of projects, may meaningfully benefit from the bill to the extent it allows for construction of projects, or maintenance, repair, or restoration of existing projects, to go forward, that is otherwise delayed or not undertaken 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
caw/sdk Third Reader - March 26, 2025
Revised - Amendment(s) - March 26, 2025

Analysis by: Kayvon Samadani

Direct Inquiries to:
(410) 946-5510
(301) 970-5510