

SENATE BILL 199

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4lr0380

By: **Senators Ferguson, Conway, and Gladden**

Introduced and read first time: January 16, 2014

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
5 at a certain assessment for a certain period of time under certain circumstances;
6 defining certain terms; providing for the application of this Act; and generally
7 relating to the 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 2013 Supplement)

13 BY repealing and reenacting, without amendments,
14 Article – Education
15 Section 5–202(a)(1), (a)(4), (a)(9) through (11), (a)(14), and (b) and 16–305(a) and
16 (b)(1)
17 Annotated Code of Maryland
18 (2008 Replacement Volume and 2013 Supplement)

19 BY repealing and reenacting, with amendments,
20 Article – Education
21 Section 5–202(a)(3) and 16–305(b)(2)
22 Annotated Code of Maryland
23 (2008 Replacement Volume and 2013 Supplement)

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

26 **Article – Economic Development**

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
5 this subtitle, of all real property subject to taxation in a development district or a
6 sustainable 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
12 resolution.

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

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

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

19 12–203.

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

21 (1) by resolution:

22 (i) designate a contiguous area within its jurisdiction as a
23 development district; or

24 (ii) identify an area that has been designated a sustainable
25 community;

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

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

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

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

8 Article – Education

9 5–202.

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

11 (3) (I) “Assessed valuation of real property” means, **EXCEPT AS**
12 **PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH**, the most recent estimate
13 made by the State Department of Assessments and Taxation before the annual State
14 budget is submitted to the General Assembly, of the assessed value of real property for
15 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**
18 **UNDER THIS SECTION 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**
21 **PROPERTY” HAS THE SAME MEANING AS THAT OF “ORIGINAL BASE” AS DEFINED**
22 **IN § 12–201 OF 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
28 estimate by the State Department of Assessments and Taxation before the annual
29 State budget is submitted to the General Assembly of the assessed value for county
30 purposes of personal property as of July 1 of the first completed fiscal year before the
31 school year for which the 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
34 the calculation of State aid under this section is made, based on tax returns filed on or
35 before:

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

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

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

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

7 (14) “Wealth” means the sum of:

8 (i) Net taxable income;

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

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

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

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

16 16–305.

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

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

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

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be
29 applicable to the calculation of payments of State aid to counties and Baltimore City
30 for fiscal years beginning after June 30, 2014.

1 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 June 1, 2014.