

SENATE BILL 886

Q2

5lr2977
CF HB 664

By: **Senators Hough and Young**
Introduced and read first time: March 2, 2015
Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Frederick County Property Tax Fairness Act of 2015**
3 **(Strengthening Frederick Municipalities)**

4 FOR the purpose of removing Frederick County from the list of counties required to grant
5 certain property tax setoffs to municipal corporations within the county in a certain
6 manner; requiring the governing body of Frederick County to annually meet and
7 discuss with the governing body of each municipal corporation in the county the
8 county property tax rate to be set for assessments of property in the municipal
9 corporation; requiring Frederick County to grant a property tax setoff to a municipal
10 corporation in accordance with a formula agreed to by the county and the municipal
11 corporation if the municipal corporation performs services or programs instead of
12 similar county services or programs; requiring the county and a municipal
13 corporation to agree to phase in any increase in a property tax setoff above a certain
14 level over a certain period of time; requiring the county to conduct a study of services
15 or programs provided by the municipal corporations instead of county services or
16 programs before property tax setoffs for a certain fiscal year may be established;
17 defining a certain term; providing for the effective dates of this Act; providing for the
18 application of certain provisions of this Act; and generally relating to property tax
19 setoffs in Frederick County.

20 BY repealing and reenacting, with amendments,
21 Article – Tax – Property
22 Section 6–305
23 Annotated Code of Maryland
24 (2012 Replacement Volume and 2014 Supplement)

25 BY adding to
26 Article – Tax – Property
27 Section 6–305.1
28 Annotated Code of Maryland
29 (2012 Replacement Volume and 2014 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.



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

3 **Article – Tax – Property**

4 6–305.

5 (a) In this section, “tax setoff” means:

6 (1) the difference between the general county property tax rate and the
7 property tax rate that is set for assessments of property in a municipal corporation; or

8 (2) a payment to a municipal corporation to aid the municipal corporation
9 in funding services or programs that are similar to county services or programs.

10 (b) This section applies only in:

11 (1) Allegany County;

12 (2) Anne Arundel County;

13 (3) Baltimore County;

14 (4) [Frederick County;

15 (5)] Garrett County;

16 [(6)] (5) Harford County;

17 [(7)] (6) Howard County;

18 [(8)] (7) Montgomery County; and

19 [(9)] (8) Prince George’s County.

20 (c) The governing body of the county shall meet and discuss with the governing
21 body of any municipal corporation in the county the county property tax rate to be set for
22 assessments of property in the municipal corporation as provided in this section. After the
23 meeting if it can be demonstrated that a municipal corporation performs services or
24 programs instead of similar county services or programs, the governing body of the county
25 shall grant a tax setoff to the municipal corporation.

26 (d) [Except as provided in subsection (k) of this section, in] **IN** determining the
27 county property tax rate to be set for assessments of property in a municipal corporation,
28 the governing body of the county shall consider:

1 (1) the services and programs that are performed by the municipal
2 corporation instead of similar county services and programs; and

3 (2) the extent that the similar services and programs are funded by
4 property tax revenues.

5 (e) The county property tax rate for assessments of property located in a
6 municipal corporation is not required to be:

7 (1) the same as the rate for property located in other municipal
8 corporations in the county; or

9 (2) the same as the rate set in a prior year.

10 (f) (1) At least 180 days before the date that the annual county budget is
11 required to be approved, any municipal corporation in the county that desires that a tax
12 setoff be provided shall submit to the county a proposal that states the desired level of
13 property tax setoff for the next fiscal year.

14 (2) (i) A request submitted under paragraph (1) of this subsection shall
15 be accompanied by:

16 1. a description of the scope and nature of the services or
17 programs provided by the municipal corporation instead of similar services or programs
18 provided by the county; and

19 2. financial records and other documentation regarding
20 municipal revenues and expenditures.

21 (ii) The materials submitted under subparagraph (i) of this
22 paragraph shall provide sufficient detail for an assessment of the similar services or
23 programs.

24 (3) After receiving a proposal from a municipal corporation requesting a
25 tax setoff under this subsection, the governing body of the county shall promptly submit to
26 the municipal corporation financial records and other documentation regarding county
27 revenues and expenditures.

28 (g) (1) At least 90 days before the date that the annual county budget is
29 required to be approved, the county and any municipal corporation submitting a tax setoff
30 request under subsection (f) of this section shall designate appropriate policy and fiscal
31 officers or representatives to meet and discuss the nature of the tax setoff request, relevant
32 financial information of the county and municipal corporation, and the scope and nature of
33 services provided by both entities.

1 (2) A meeting held under paragraph (1) of this subsection may be held by
2 the county representatives jointly with representatives from more than one municipal
3 corporation.

4 (3) (i) The county officers or representatives may request from the
5 municipal corporation officers or representatives additional information that may
6 reasonably be needed to assess the tax setoff.

7 (ii) The municipal corporation officers or representatives shall
8 provide the additional information expeditiously.

9 (h) (1) At or before the time the proposed county budget is released to the
10 public, the county commissioners, the county executive of a charter county, or the county
11 council of a charter county without a county executive shall submit a statement of intent
12 to each municipal corporation that has requested a tax setoff.

13 (2) The statement of intent shall contain:

14 (i) an explanation of the level of the proposed tax setoff;

15 (ii) a description of the information or process used to determine the
16 level of the proposed tax setoff; and

17 (iii) an indication that, before the budget is enacted, appropriate
18 officials or representatives of the municipal corporation are entitled to appear before the
19 county governing body to discuss or contest the level of the proposed tax setoff.

20 (i) Representatives of each municipal corporation in the county requesting a tax
21 setoff shall be afforded an opportunity to testify before the county governing body during
22 normally scheduled hearings on the county's proposed budget.

23 (j) Notwithstanding the provisions of subsections (d), (f), and (g) of this section:

24 (1) a county and one or more municipal corporations may enter into an
25 agreement setting different terms or timing for negotiations, calculations, or approval of a
26 tax setoff; and

27 (2) a county may grant a tax setoff to a municipal corporation that does not
28 make a request in the fashion described in this section.

29 [(k) In Frederick County, for the taxable years that begin July 1, 2011, and July
30 1, 2012, the governing body of Frederick County shall grant a tax setoff to a municipal
31 corporation in an amount that:

32 (1) is no less than the tax setoff granted to that municipal corporation for
33 the preceding taxable year; and

1 (2) increases by the same percentage by which the county property tax rate
2 exceeds the constant yield tax rate.]

3 **6-305.1.**

4 (A) IN THIS SECTION, "TAX SETOFF" MEANS:

5 (1) THE DIFFERENCE BETWEEN THE GENERAL COUNTY PROPERTY
6 TAX RATE AND THE PROPERTY TAX RATE THAT IS SET FOR ASSESSMENTS OF
7 PROPERTY IN A MUNICIPAL CORPORATION; OR

8 (2) A PAYMENT TO A MUNICIPAL CORPORATION TO AID THE
9 MUNICIPAL CORPORATION IN FUNDING SERVICES OR PROGRAMS THAT ARE SIMILAR
10 TO COUNTY SERVICES OR PROGRAMS.

11 (B) (1) THE GOVERNING BODY OF FREDERICK COUNTY SHALL
12 ANNUALLY MEET AND DISCUSS WITH THE GOVERNING BODY OF EACH MUNICIPAL
13 CORPORATION IN THE COUNTY THE COUNTY PROPERTY TAX RATE TO BE SET FOR
14 ASSESSMENTS OF PROPERTY IN THE MUNICIPAL CORPORATION.

15 (2) AFTER THE MEETING IF IT CAN BE DEMONSTRATED THAT A
16 MUNICIPAL CORPORATION PERFORMS SERVICES OR PROGRAMS INSTEAD OF
17 SIMILAR COUNTY SERVICES OR PROGRAMS, THE GOVERNING BODY OF FREDERICK
18 COUNTY SHALL GRANT A TAX SETOFF TO THE MUNICIPAL CORPORATION IN
19 ACCORDANCE WITH A FORMULA AGREED TO BY THE COUNTY AND THE MUNICIPAL
20 CORPORATION.

21 (3) FREDERICK COUNTY AND A MUNICIPAL CORPORATION SHALL
22 AGREE TO PHASE IN OVER A PERIOD OF 3 TO 5 YEARS, BEGINNING ON JULY 1, 2016,
23 ANY INCREASE IN THE LEVEL OF A TAX SETOFF ABOVE THE LEVEL OF THE TAX
24 SETOFF GRANTED IN THE FISCAL YEAR BEGINNING JULY 1, 2015.

25 SECTION 2. AND BE IT FURTHER ENACTED, That before the amount of a
26 property tax setoff may be established for the fiscal year beginning July 1, 2016, in
27 accordance with § 6-305.1 of the Tax – Property Article as enacted by this Act, Frederick
28 County shall conduct a detailed study of the scope and nature of the individual services or
29 programs provided by each municipal corporation in the county instead of similar services
30 or programs provided by the county.

31 SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall take
32 effect October 1, 2015, and shall be applicable to the fiscal year beginning July 1, 2016, and
33 to each subsequent fiscal year thereafter.

34 SECTION 4. AND BE IT FURTHER ENACTED, That, except as provided in Section
35 3 of this Act, this Act shall take effect July 1, 2015.