

**PRINCE GEORGE'S COUNTY COUNCIL
AGENDA ITEM SUMMARY**

Meeting Date: 9/16/97

Reference No.: CB-75-1997

Proposer: Estep

Draft No.: 1

Sponsors: Estep, Del Giudice, Scott

Item Title: An Act altering the manner in which the municipal tax differential is calculated; providing for annual review of process, arbitration to resolve disagreements, & dissemination of information; providing certain regulatory powers & reporting requirements; providing for the effective date; and generally relating to the municipal tax differential

Drafter: Ralph E. Grutzmacher
Legislative Officer

Resource Personnel: Evelyn Adams
Aide to Council Member

LEGISLATIVE HISTORY:

Date Presented: 6/3/97

Executive Action: 10/16/97 S

Committee Referral:(1) 6/3/97 PSFM

Effective Date: 12/1/97

Committee Action:(1) 9/9/97 FAV

Date Introduced: 9/16/97

Pub. Hearing Date: (1) 10/7/97 1:30 P.M.

Council Action: (1) 10/7/97 ENACTED

Council Votes: DB:A, SD:A, JE:-, IG:-, TH:A, WM:A, RVR:A, AS:A, MW:A

Pass/Fail: P

Remarks: _____

COMMITTEE OF THE WHOLE

Date: 9/9/97

Committee Vote: Favorable: 7-0 (In favor: Council Members Bailey, Del Giudice, Estep, Gourdin, Maloney, Scott and Wilson)

Stanley Early, Office of Management and Budget, provided an overview of the Municipal Tax Differential Task Force review process and the changes embodied in the legislation.

College Park Mayor Joseph Page, a municipal representative on the Municipal Task Force, supported the Task Force's report and also presented some reservations on behalf of the City of College Park concerning some components of the formula.

The Council Members expressed their appreciation to the members of the task force who devoted their time and energy to developing a more understandable formula.

There should not be any negative fiscal impact on the County as a result of enacting CB-75-1997.

BACKGROUND INFORMATION/FISCAL IMPACT

(Includes reason for proposal, as well as any unique statutory requirements)

The proposed legislation is the result of a review of the existing law dealing with the calculation of County property tax differential tax rate in municipalities. During the review of a proposal by the County Executive to amend the existing law (CB-87-1996), the Council appointed a committee to review CB-87 and the existing law and propose amendments. The proposed legislation makes a number of procedural and technical amendments to improve clarity and predictability in the establishment of the differential tax rates. Two substantive changes to the existing formula are proposed: (1) the use of municipal share of the State income tax as a surrogate for all non-property tax revenue is deleted and only property tax revenue will be used; (2) Part 2 of the existing formula, which converted historic costs for municipal services as a fixed property tax rate, is deleted and the costs for services provided will be included in the computed rate. To provide for a predictable transition and to mitigate for dramatic changes in the type and costs of services provided by both the County and the municipality, an averaging technique is provided. The proposed legislation also provides for the issuance of regulations, an advisory arbitration process to resolve disputes, and an annual review of the tax differential computation process.

CODE INDEX TOPICS: