

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

Meeting Date: 3/27/2001

Reference No.: CB-1-2001

Proposer: County Executive

Draft No.: 2

Sponsors: Bailey, Shapiro

Item Title: An Act amending the municipal tax differential in
accordance with State law

Drafter: Kathleen H. Canning
Law

Resource Stanley A. Earley
Personnel: OMB

LEGISLATIVE HISTORY:

Date Presented: 1/23/2001 **Executive Action:** 4/12/2001 S

Committee Referral: 1/23/2001 PSFM **Effective Date:** 5/29/2001

Committee Action: 2/15/2001 FAV(A)

Date Introduced: 2/27/2001

Public Hearing: 3/27/2001 1:30 P.M.

Council Action: 3/27/2001 ENACTED

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

Pass/Fail: P

Remarks: _____

PUBLIC SAFETY & FISCAL MANAGEMENT COMMITTEE REPORT Date: 2/15/01

Committee Vote: Favorable as amended, 4-0, (In favor: Councilmembers Bailey, Scott, Estep and Shapiro.

This bill will provide for the calculation of and use of separate real property (pp 3, lines 4-17) and personal property tax rates (pp3, lines 18-31) for determining the municipal tax differential for County municipalities. Historically, the County has had one tax rate for both real and personal property. The real property tax rate was applied to 40% of the value of real property; the personal property was applied to 100% of the value of personal property.

Senate Bill 626 - 2000, (Truth in Taxation - Real Property Tax Assessments) mandates that in the future, a county's real property tax rate will apply to 100% of the value of real property instead of 40%. The General Assembly intended for the fiscal impact of this legislation to be revenue-neutral. As a result, the County's real property tax rate will be reduced automatically. The personal property tax rate will not change. The establishment of the separate tax rates for

real and personal property will require amending the County Code (10-183, 184) provisions relating to calculating the municipal tax differential. In FY2001, the County's nominal real property tax rate (excluding debt service payment for pre-Trim debt) is \$2.40 per \$100 of assessed value. This rate will be changed to \$0.96 per \$100 of assessed value in FY2002 to meet the State requirement of making the impact of Senate Bill 626 revenue-neutral.

The legislation was amended as follows: pp 4, line 4 - Insert "[1999]"; underline "2002".

There should not be any negative fiscal impact on the County as a result of enacting CB-1-2001.

BACKGROUND INFORMATION/FISCAL IMPACT

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

This legislation is required pursuant to State legislation. Senate Bill 626, Chapter 80 of the 2000 Session Laws of Maryland, provided that, beginning in tax year 2001, property tax rates shall be applied to 100% of the value of real property, rather than the 40% for most real property under current law. The General Assembly intended that the impact of Senate Bill 626 be revenue neutral and that intent is reflected in this legislation.

This legislation provides for the calculation of a separate real property tax rate and a separate personal property tax rate to be set for assessments of property in a municipal corporation in accordance with State law. This legislation is required to adjust the calculation of the municipal tax differential to reflect that the real property tax rate to be used in the calculation of the municipal tax differential shall be applied to 100% of the value of real property, rather than 40%. In addition, for Fiscal Year 2002 and Fiscal Year 2003 only, the manner of calculating the applied tax differential rates is altered to reflect that the real property tax rates shall be applied to 100% of the value of real property.

CODE INDEX TOPICS: