

COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND**2001 Legislative Session**Bill No. CB-1-2001Chapter No. 1Proposed and Presented by The Chairman (by request – County Executive)Introduced by Council Members Bailey and Shapiro

Co-Sponsors _____

Date of Introduction February 27, 2001**BILL**

1 AN ACT concerning

2 Municipal Tax Differential

3 For the purpose of providing for the calculation of a separate real property tax rate and a separate
 4 personal property tax rate to be set for assessments of property in a municipal corporation in
 5 accordance with State law; providing for the manner in which the real property tax rate and the
 6 personal property tax rate to be set for assessments of property in a municipal corporation are
 7 calculated; for Fiscal Year 2002 and Fiscal Year 2003 only, altering the manner in which the
 8 applied tax differential rates for each municipality are calculated; and generally relating to the
 9 municipal tax differential.

10 BY repealing and reenacting with amendments:

11 SUBTITLE 10. FINANCE AND TAXATION.

12 Sections 10-183 and 10-184,

13 The Prince George's County Code

14 (1999 Edition, 2000 Supplement).

15 SECTION 1. BE IT ENACTED by the County Council of Prince George's County,
 16 Maryland, that Sections 10-183 and 10-184 of the Prince George's County Code be and the same
 17 are hereby repealed and reenacted with the following amendments:

18 SUBTITLE 10. FINANCE AND TAXATION.

19 DIVISION 6. MUNICIPAL TAX DIFFERENTIAL.

Sec. 10-183. Definitions.

(a) For purposes of this Division the following words and phrases have the meaning assigned below, except in those instances in which the context clearly indicates a different meaning:

(1) **County-wide property assessable base** shall mean the total County assessable tax base, including all municipal corporations, as used in the County's latest adopted budget.

(2) **County-wide real property assessable base** shall mean the County real property assessable tax base, including all municipal corporations, as used in the County's latest adopted budget.

(3) **County-wide personal property assessable base** shall mean the County personal property assessable tax base, including all municipal corporations, as used in the County's latest adopted budget.

[(2)] (4) **Degree of services or programs** shall mean the level of eligible services or programs performed by the municipal corporation instead of the County.

[(3)] (5) **Director** shall mean the Director of the Office of Management and Budget.

[(4)] (6) **Eligible services or programs** shall mean those services or programs which are performed by a municipal corporation, and are wholly or partially funded from property tax revenues of the municipal corporation, instead of similar County services or programs when the similar County services or programs are wholly or partially funded from property tax revenues in the County's general fund and the services or programs are generally performed by the County in the unincorporated areas of the County.

[(5)] (7) **Municipal Corporation** shall mean a city or town incorporated pursuant to Article XI-E of the Maryland Constitution which is partially or entirely within the boundaries of Prince George's County.

[(6)] (8) **Net County service or program cost** shall mean the cost for a service or program as reflected in the County's latest adopted Current Expense Budget and support documents increased by the amount of indirect costs, including fringe benefits, applicable to that service or program and reduced by any fees, service charges, grants or other revenue directly attributable to that service or program.

[(7)] (9) **Property tax** shall mean County general fund property tax revenues as stated in the County's latest adopted budget.

Sec. 10-184. Municipal Tax Differential established.

(a) There is hereby established a municipal tax differential program pursuant to Section 6-305 of the Tax-Property Article of the Annotated Code of Maryland.

(b) The County real property tax rate to be set for assessments of real property in a municipal corporation shall be calculated and established as follows:

(1) For each eligible service or program, the County shall calculate the net County service or program cost.

(2) The net County service or program cost for each eligible service or program shall be calculated to reflect the portion supported by the general fund real property tax revenues.

(3) The County shall convert the calculated cost for each eligible service or program into a real property tax rate equivalent by dividing the calculated County service cost by the Countywide real property assessable base.

(4) The differential for each municipal corporation shall be calculated by multiplying the degree of service or program performed by the municipal corporation by the real property tax rate equivalent.

(5) The differential determined pursuant to this Section shall be rounded to the nearest tenth of a cent.

(c) The County personal property tax rate to be set for assessments of personal property in a municipal corporation shall be calculated and established as follows:

(1) For each eligible service or program, the County shall calculate the net County service or program cost.

(2) The net County service or program cost for each eligible service or program shall be calculated to reflect the portion supported by the general fund personal property tax revenues.

(3) The County shall convert the calculated cost for each eligible service or program into a personal property tax rate equivalent by dividing the calculated County service cost by the Countywide personal property assessable base.

(4) The differential for each municipal corporation shall be calculated by multiplying the degree of service or program performed by the municipal corporation by the personal property tax rate equivalent.

(5) The differential determined pursuant to this Section shall be rounded to the nearest tenth of a cent.

1 [(c)] (d) The County real property tax rate and the personal property tax rate to be levied
 2 against all property located within a municipal corporation shall be computed in the following
 3 manner:

4 (1) Beginning in Fiscal Year [1999]2002, the applied tax differential rates for each
 5 municipality shall be the average of the real property tax differential rate and the average of the
 6 personal property tax differential rate [tax rate] calculated in accordance with Subsection (b) and
 7 Subsection (c) for the ensuing fiscal year and the calculated real property tax rate and the
 8 personal property tax rate [tax rates] for the current fiscal year and the immediately preceding
 9 three fiscal years, provided, however, that for purposes of determining the applied tax differential
 10 rate, the tax rate levied in fiscal years 1995 through 1998, inclusive, shall be used in lieu of a
 11 calculated rate.

12 (2) Beginning in Fiscal Year 2004, the real property tax differential rate and the
 13 personal property tax differential rate for each municipality shall be the average of the real
 14 property tax differential rate and the average of the personal property tax differential rate [tax
 15 rate] calculated in accordance with Subsection (b) and Subsection (c) for the ensuing fiscal year
 16 and the calculated real property tax differential rate and the personal property tax differential rate
 17 [tax rates] for the current fiscal year and the immediately preceding fiscal year.

18 (3) For Fiscal Year 2002, Fiscal Year 2003, and Fiscal Year 2004 only, the applied
 19 tax differential rates for each municipality shall be the average of the real property tax
 20 differential rate and the average of the personal property tax differential rate calculated in
 21 accordance with Subsection (b) and Subsection (c) for the ensuing fiscal year and the tax
 22 differential rates for the current fiscal year and the immediately preceding three fiscal years. For
 23 purposes of determining the applied tax differential rate for real property for fiscal years prior to
 24 Fiscal Year 2001, the County real property tax rate for those fiscal years shall be calculated by
 25 multiplying the real property tax rate by a factor of .40.

1 SECTION 2. BE IT FURTHER ENACTED that this Act shall take effect forty-five (45)
2 calendar days after it becomes law.

Adopted this 27th day of March, 2001.

COUNTY COUNCIL OF PRINCE
GEORGE'S COUNTY, MARYLAND

BY: _____
Ronald V. Russell
Chair

ATTEST:

Joyce T. Sweeney
Clerk of the Council

APPROVED:

DATE: _____ BY: _____
Wayne K. Curry
County Executive

KEY:

Underscoring indicates language added to existing law.

[Brackets] indicate language deleted from existing law.