

RESOLUTION NO. 3002

A RESOLUTION OF THE CITY OF SALISBURY, MARYLAND, IN SUPPORT OF THE SUBMISSION OF LEGISLATION TO THE MARYLAND GENERAL ASSEMBLY TO REQUIRE A TAX SETOFF FOR MUNICIPALITIES IN WICOMICO COUNTY.

WHEREAS, the State of Maryland requires some Counties to provide a tax setoff to municipalities for services provided by a municipality and allows other Counties to have the choice of whether or not they will provide a tax setoff to municipalities; and

WHEREAS, the City of Salisbury provides many services for the citizens of the City that replace what the County provides outside of City limits; and

WHEREAS, the citizens of the City of Salisbury currently pay the full amount of real estate taxes to both the County and the City, but only receive some services from the County; and

WHEREAS, the City of Salisbury desires for its citizens to receive a tax setoff of their County real estate taxes for the services not provided them by the County and receive from the City; and

WHEREAS, State Law currently states that Wicomico County may provide a tax setoff; and

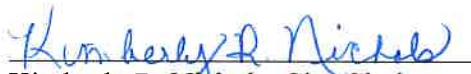
WHEREAS, the City of Salisbury has repeatedly requested a tax setoff from the County, but the County has not agreed to provide a tax setoff; and


WHEREAS, the State of Maryland must pass a law to require Wicomico County to provide a tax setoff, and House Delegate Carl Anderton, Jr. has offered to sponsor the bill and introduce the bill in the General Assembly.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Salisbury that the City supports the submission of legislation to the General Assembly of the State of Maryland to amend the law to require Wicomico County to provide a tax setoff to its municipal citizens.

The above resolution was introduced, read and duly passed at the regular meeting of the Salisbury City Council held on the 10<sup>th</sup> day of February, 2020, and is to become effective immediately.

ATTEST:

  
Kimberly R. Nichols, City Clerk

  
John R. Heath, President  
Salisbury City Council

APPROVED BY ME THIS 11<sup>th</sup> day of FEBRUARY, 2020

  
Jacob R. Day, Mayor



City of  
**Salisbury**  
Jacob R. Day, Mayor

To: City Council

From: Julia Glanz, City Administrator

Subject: Tax Differential

Date: February 6, 2020

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Please find the attached resolution in support of the submission of legislation to the Maryland General Assembly to require a tax setoff for municipalities in Wicomico County, also known as Tax Differential. Wicomico County and Kent County are the only two remaining counties without some form of Tax Differential. Delegate Carl Anderton has agreed to sponsor this legislation and we are currently awaiting a bill title, number and hearing dates.

HOUSE BILL \_\_\_\_\_

By: **Delegates**

Introduced and read first time:

Assigned to:

Report:

House action:

Read second time:

A BILL ENTITLED

1 AN ACT concerning

2  
3 **WICOMICO COUNTY TAX FAIRNESS ACT 2020**

4 **TAX - PROPERTY**

5 **TITLE 6. SUBTITLE 3 - SETTING PROPERTY TAX RATES**

6  
7 FOR the purpose of adding Wicomico County to section 6-305; requiring the governing body of  
8 Wicomico County to annually meet and discuss with the governing body of each municipal  
9 corporation in the county regarding the county property tax rate to be set for assessments of  
10 property in the municipal corporation; requiring Wicomico County to grant a property tax setoff to  
11 a municipal corporation in accordance with a formula agreed to by the county and the municipal  
12 corporation if the municipal corporation performs services or programs instead of similar county  
13 services or programs; requiring, if the county and the municipal corporation fail to reach an  
14 agreement concerning the formula, the county and municipal corporation to enter into binding  
15 arbitration; requiring the county and a municipal corporation to agree to phase in any increase in a  
16 property tax setoff above a certain level over a certain period of time under certain circumstances;  
17 requiring the county to conduct a study of services or programs provided by the municipal  
18 corporations instead of county services or programs before property tax setoffs for a certain fiscal  
19 year may be established; defining a certain term; providing for the effective dates of this Act;  
20 providing for the application of certain provisions of this Act; and generally relating to property  
21 tax setoffs in Wicomico County.

22  
23 BY adding,

24 Article-Tax - Property

25 Section 6-305.2

26 Annotated Code of Maryland

27 (2012 Replacement Volume and 2018 Supplement)

28  
29 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
30 That the Laws of Maryland read as follows:

31  
32 **ARTICLE - TAX - PROPERTY**

33  
34 **6-305.2.**

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

36 **(1) THE DIFFERENCE BETWEEN THE GENERAL COUNTY**  
37 **PROPERTY TAX RATE AND THE PROPERTY TAX RATE THAT IS SET FOR**

38 ASSESSMENTS OF PROPERTY IN A MUNICIPAL CORPORATION; OR

39  
40 (2) A PAYMENT TO A MUNICIPAL CORPORATION TO AID THE  
41 MUNICIPAL CORPORATION IN FUNDING SERVICES OR PROGRAMS THAT  
42 ARE SIMILAR TO COUNTY SERVICES OR PROGRAMS.

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44 (B)

45 (1) THE GOVERNING BODY OF WICOMICO COUNTY SHALL  
46 ANNUALLY MEET AND DISCUSS WITH THE GOVERNING BODY OF EACH  
47 MUNICIPAL CORPORATION IN THE COUNTY THE COUNTY PROPERTY  
48 TAX RATE TO BE SET FOR ASSESSMENTS OF PROPERTY IN THE  
49 MUNICIPAL CORPORATION.

50  
51 (2)

52 (I) AFTER THE MEETING IF IT CAN BE DEMONSTRATED  
53 THAT A MUNICIPAL CORPORATION PERFORMS SERVICES OR  
54 PROGRAMS INSTEAD OF SIMILAR COUNTY SERVICES OR  
55 PROGRAMS, THE GOVERNING BODY OF WICOMICO COUNTY  
56 SHALL GRANT A TAX SETOFF TO THE MUNICIPAL CORPORATION  
57 IN ACCORDANCE WITH A FORMULA AGREED TO BY THE COUNTY  
58 AND THE MUNICIPAL CORPORATION.

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60 (II) IN THE FIRST YEAR FOLLOWING THE ADOPTION OF  
61 THIS SECTION, 6-305.2, IF THE GOVERNING BODY OF WICOMICO  
62 COUNTY AND THE GOVERNING BODY OF A MUNICIPAL  
63 CORPORATION FAIL TO REACH AN AGREEMENT CONCERNING  
64 THE FORMULA BY WHICH A TAX SETOFF IS TO BE CALCULATED  
65 ON OR BEFORE JANUARY 15, THE GOVERNING BODY OF  
66 WICOMICO COUNTY AND THE GOVERNING BODY OF THE  
67 MUNICIPAL CORPORATION SHALL ENTER INTO BINDING  
68 ARBITRATION AND THE MATTER SHALL PROCEED PURSUANT TO  
69 SUBTITLE 2 OF THE COURTS AND JUDICIAL PROCEEDINGS  
70 ARTICLE AS IF THE PARTIES HAD AGREED TO ARBITRATION.  
71 THE DEADLINE MAY BE EXTENDED BY MUTUAL AGREEMENT.

72  
73 (a) THE ARBITRATION PANEL SHALL BE  
74 COMPRISED OF THE FOLLOWING:

75 (i) ONE MEMBER SELECTED BY THE  
76 MUNICIPAL CORPORATION INVOLVED IN THE  
77 DISPUTE;

78 (ii) ONE MEMBER SELECTED BY THE  
79 COUNTY EXECUTIVE;

80 (iii) ONE MEMBER SELECTED JOINTLY BY  
81 THE ABOVE MEMBERS.

82 (b) AT THE ARBITRATION HEARING, THE COUNTY  
83 AND THE MUNICIPALITY MAY PRESENT TESTIMONY,  
84 EVIDENCE, AND ORAL ARGUMENT AS TO THE MATTERS IN

85 DISPUTE.

86 (c) THE ARBITRATION PANEL SHALL DETERMINE  
87 THE FORMULA BY WHICH A TAX SETOFF IS TO BE  
88 CALCULATED IN A MANNER THAT IS FAIR AND EQUITABLE  
89 TO THE TAX PAYERS OF BOTH WICOMICO COUNTY AND  
90 THE MUNICIPAL CORPORATION.  
91

92 (III) IN SUBSEQUENT YEARS, IF THE GOVERNING BODY OF  
93 WICOMICO COUNTY AND THE GOVERNING BODY OF A  
94 MUNICIPAL CORPORATION FAIL TO REACH AN AGREEMENT  
95 CONCERNING THE FORMULA BY WHICH A TAX SETOFF IS TO BE  
96 CALCULATED, THE GOVERNING BODY OF WICOMICO COUNTY  
97 SHALL GRANT A TAX SETOFF IN ACCORDANCE WITH THE  
98 FORMULA USED DURING THE PRIOR TAXABLE YEAR, UNLESS  
99 THE SAME ARBITRATION PROCESS IS REQUESTED BY THE  
100 GOVERNING BODY OF WICOMICO COUNTY OR BY THE  
101 GOVERNING BODY OF THE MUNICIPAL CORPORATION.  
102

103 (3) WICOMICO COUNTY AND A MUNICIPAL CORPORATION  
104 SHALL AGREE TO PHASE IN OVER A PERIOD OF 3 TO 5 YEARS,  
105 BEGINNING ON JULY 1, 2021, ANY INCREASE IN THE LEVEL OF A TAX  
106 SETOFF ABOVE THE LEVEL OF THE TAX SETOFF GRANTED IN THE  
107 FISCAL YEAR BEGINNING JULY 1, 2020, IF THE INCREASE IS  
108 ATTRIBUTABLE TO THE FUNDING OF NEW SERVICES OR PROGRAMS.  
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111  
112 EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.  
113 [Brackets] indicate matter deleted from existing law.  
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117 SECTION 2. AND BE IT FURTHER ENACTED, That before the amount of a property  
118 tax setoff may be established for the fiscal year beginning July 1, 2021, in accordance with § 6–  
119 305 of the Tax – Property Article as enacted by this Act, Wicomico County shall conduct a  
120 detailed study of the scope and nature of the individual services or programs provided by each  
121 municipal corporation in the county instead of similar services or programs provided by the  
122 county.  
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124 SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall take  
125 effect October 1, 2020, and shall be applicable to the fiscal year beginning July 1, 2021, and to  
126 each subsequent fiscal year thereafter.  
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128 SECTION 4. AND BE IT FURTHER ENACTED, That, except as provided in Section 3 of  
129 this Act, this Act shall take effect July 1, 2020.  
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Approved:

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Governor

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Speaker of the House of Delegates

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President of the Senate