



Gregory J. Swain, County Attorney

MEMORANDUM

To: Members, Anne Arundel County Council

From: Lori L. Blair Klasmeier, Deputy County Attorney /s/

Via: Gregory J. Swain, County Attorney /s/

Date: September 3, 2019

Subject: Bill No. 66-19 – Tax Levy – Idlewilde Shore Erosion Control District

Legislative Summary

This summary was prepared by the Anne Arundel County Office of Law for use by members of the Anne Arundel County Council during consideration of Bill No. 66-19, which modifies the tax levy for the Idlewilde Shore Erosion Control District (“SECD”).

Purpose. The purpose of this bill is to modify the tax levy for the Idlewilde SECD from \$0.211 on each \$100 of assessed valuation of property within the district to \$0.0211 on each \$100 of assessed valuation of property within the district.

Background. Each year that an SECD desires to collect or expend funds, the civic or community association administering the SECD funds must submit a budget to the Office of Budget in accordance with deadlines in the Code and guidelines provided by the Office of Budget. Funds to be expended for each SECD are appropriated through the County’s Annual Budget and Appropriation Ordinance (“ABAO”), and funds that are not appropriated cannot be expended. There is a separate budget ordinance that sets the tax rate for each district for the upcoming fiscal year based on the method of taxation for the district and the amount of funds the district requests to be collected.

In the wake of Hurricane Hazel, in 1933, the State legislature enacted public local law for Anne Arundel County declaring all subdivisions then platted that abutted the Chesapeake Bay waterfront as special taxing districts for shore erosion. (Chapter 27, Laws of Maryland, 1933). Idlewilde was platted as a subdivision at that time, and, therefore, there is an Idlewilde SECD. The State law also provides that “a number of cents” per \$100 of assessed value shall be levied as necessary to provide funds for the districts. The funds collected within the Idlewilde SECD are administered by the Idlewilde Civic League, Inc.

In January of 2019, the Idlewilde Civic League, Inc. submitted the Idlewilde SECD's budget request for fiscal year 2020 ("FY20") in the total amount of \$98,574. Of that amount, the community had a fund balance of \$91,206. Idlewilde Civic League, Inc. requested \$7,368 in tax revenue for FY20. In the budget request form, the Idlewilde Civic League, Inc. stated that the assessable base was \$3,500,000, and a tax rate of \$0.2105 on each \$100 of assessed valuation of property within the district was calculated to result in the \$7,368 of requested tax revenue.

The total budgeted amount of \$98,574 was appropriated through the County's FY20 ABAO (Bill No. 29-19), and the tax levy (rounded up to \$0.211 on each \$100 of assessed valuation of property within the district) was approved in Bill No. 30-19.

After the budget and tax levy bills were passed and property tax bills were sent, Idlewilde Civic League, Inc. discovered that an error had been made on the budget request form. The taxable base should have been listed as \$35,000,000 rather than \$3,500,000, and the tax rate should have been \$0.0211 rather than \$0.211 on each \$100 of assessed valuation of property within the district. This error resulted in tax assessments that were 10 times what was intended.

Thereafter, Idlewilde Civic League, Inc. submitted an amended budget request with the corrected taxable base of \$35,000,000 and corrected tax rate of \$0.0211 on each \$100 of assessed valuation of property within the district.

Summary. Section 1 of the Bill modifies the tax rate for the Idlewilde SECD from \$0.211 on each \$100 of assessed valuation of property within the district to \$0.0211 on each \$100 of assessed valuation of property within the district.

Section 2 provides that the change in tax levy is retroactive to the first day of FY20, July 1, 2019.

Section 3 provides that the bill is an emergency ordinance and, if passed by an affirmative vote of five members of the Council, it will take effect upon the date it becomes law.

Please let me know if there are any questions.

cc: Steuart Pittman, County Executive
 Jennifer Purcell, Chief of Staff
 Benjamin J. Birge, Chief Administrative Officer
 Peter Baron, Legislative Liaison
 Jim Beauchamp, Budget Officer
 Karin McQuade, Controller