

**Department of Legislative Services**  
Maryland General Assembly  
2001 Session

**FISCAL NOTE**  
**Revised**

House Bill 750 (Allegany County Delegation)

Ways and Means

Budget and Taxation

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**Allegany County - Property Tax Credit - Commercial and Industrial Parks**

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This bill authorizes Allegany County and its municipalities to grant a property tax credit within a commercial or industrial park owned, managed, or operated by the Allegany County Commissioners or a public industrial park owned, managed, or operated by an organization described in Section 501(c)(6) of the Internal Revenue Code. The credit may not be granted for more than ten years.

The bill is effective June 1, 2001 and applicable to tax years after June 30, 2001.

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**Fiscal Summary**

**State Effect:** None. The bill does not provide a State property tax credit.

**Local Effect:** Potential decrease in property tax revenues for Allegany County and its municipalities. Potential increase in economic development.

**Small Business Effect:** Potential meaningful.

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**Analysis**

**Current Law:** Allegany County and its municipalities have the authority to grant a property tax credit on property within the area known as the Riverside Industrial Park.

**Background:** The IRS defines a 501(c)(6) organization as a business league. A business league, in general, is an association of persons having some common business interest, the purpose of which is to promote such common interest and not to engage in a regular

business of a kind ordinarily carried on for profit. Trade associations and professional associations are considered to be business leagues. The business league must be devoted to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons. It must be shown that the conditions of a particular trade or the interests of the community will be advanced. No part of its net earnings may inure to the benefit of any private shareholder or individual and it may not be organized for profit or organized to engage in an activity ordinarily carried on for profit (even if the business is operated on a cooperative basis or produces only sufficient income to be self-sustaining). The term “line of business” generally refers either to an entire industry or to all components of an industry within a geographic area. It does not include a group composed of businesses that market a particular brand within an industry.

**Local Fiscal Effect:** Allegany County and its municipalities’ property tax revenues could potentially decrease depending on the value of the credits granted. Allegany County believes that these property tax credits will enable the county to attract new business and spawn economic development in the region. The county anticipates that any decrease in property tax revenues will be offset by economic development.

**Small Business Effect:** As this bill would allow Allegany County and its municipalities to provide a property tax credit to certain commercial and industrial parks, it could spawn economic development. This development could have a meaningful impact on small businesses located either in the industrial or commercial park or nearby. It could provide renovation or building projects for existing small businesses or provide incentives for the establishment of new small businesses.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Assessments and Taxation, Allegany County, Department of Legislative Services

**Fiscal Note History:** First Reader – March 6, 2001  
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