

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE
Revised

House Bill 214 (Harford County Delegation)

Ways and Means

Budget and Taxation

**Harford County - Municipal Property Tax - Tax Credits for Members of
Volunteer Fire Companies and Ambulance Companies**

This bill authorizes Harford County municipalities to grant a municipal real property tax credit for property owned or occupied by a member of a volunteer fire or ambulance company or member of the ladies' auxiliary of a volunteer fire or ambulance company.

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

Fiscal Summary

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

Local Effect: Potential revenue decrease for Harford County municipal corporations.

Small Business Effect: None.

Analysis

Current Law: Generally, all real property is subject to State and local property taxes. The real property tax rate for property located within an incorporated municipality varies because municipal governments establish their own tax rates.

All three Harford County's incorporated municipalities have charter provisions which grant real property tax exemptions to members of a volunteer fire company. Both

Aberdeen and Havre de Grace provide a \$10,000 exemption and Bel Air grants a \$2,000 exemption.

Local Revenues: Municipal property tax revenues could decrease if the municipalities decide to grant the tax credits. Assuming a constant tax rate, that the municipalities grant a 100% tax credit, and that eligible individuals live in homes of average values for the municipality, the revenue loss for each eligible property would be as shown in **Exhibit 1**.

Exhibit 1

	Aberdeen	Bel Air	Havre de Grace
Average Value of Owner-Occupied Property	\$143,580	\$189,680	\$133,140
Real Property Tax Rate	\$0.512	\$0.440	\$0.620
Revenue Loss Per Credit	\$735	\$835	\$825
Current Exemptions Granted	54	35	125
Revenue Loss	\$36,925	\$28,500	\$95,375

The actual revenue loss would depend on the assessment of the property for which the credit is granted, the applicable tax rate, and the duration of the credit. Each of the municipalities has indicated that they would not grant a 100% tax credit but would try to maintain a credit similar to the cost of the current exemptions granted.

Additional Information

Prior Introductions: SB 263 passed during the 2000 session authorizing the municipalities in Cecil County to grant a similar property tax credit.

Cross File: None.

Information Source(s): Department of Assessments and Taxation, Town of Bel Air, City of Havre de Grace, City of Aberdeen, Harford County, Department of Legislative Services

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