

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

House Bill 1080
Ways and Means

(Delegates DeBoy and Malone)

Property Tax - Credit for Indoor Facilities Used Primarily for Amateur Sports

This bill expands the eligibility requirements for an optional county or municipal property tax credit so that athletic fields and indoor facilities used primarily for amateur sports may be eligible for the credit. Under current law, the optional county and municipal credit applies to athletic fields that are used exclusively for amateur sports.

The bill takes effect June 1, 2005 and applies to all taxable years beginning after June 30, 2005.

Fiscal Summary

State Effect: None.

Local Effect: Potential decrease in local government property tax revenues. Local expenditures would not be affected.

Small Business Effect: Potential meaningful. Small businesses that qualify for the property tax credit under the bill would realize reduced property tax payments.

Analysis

Background: The Property Tax Assessment Appeals Board recently ruled in favor of the State Department of Assessments and Taxation (SDAT) in a case in Baltimore County where an exemption was sought for property owned by Leadership through Athletics, Inc. In the board's memorandum of grounds for decision, the board was impressed by the work of the entity owning the property, but the entity did not qualify as

a charitable organization. The Maryland Tax Court denied a similar request for an exemption in a case brought by Northwest Family Sports Center, Inc.

Local Fiscal Effect: SDAT indicates that several property types could qualify for a credit under the bill: bowling alleys, indoor tennis facilities, ice skating rinks, roller skating rinks, indoor soccer facilities, racquetball facilities, indoor swimming pools, gymnasiums used for gymnastics, indoor track facilities, handball courts, and squash courts. The bill is not limited to nonprofit entities. SDAT estimates that as many as 260 properties statewide may be eligible for this credit, and if the credit was granted on all these properties, total local government revenues could decrease by over \$3.2 million annually.

SDAT advises that Leadership through Athletics, Inc. has constructed an indoor sports facility (basketball courts) which is leased to amateur leagues (including AAU leagues). The facility also has classroom facilities that are used for mentoring. These facilities were added as of January 1, 2005. The property is currently assessed for \$1,812,400, and the county property taxes are \$20,208. A tax credit pursuant to the bill could result in Baltimore County property tax revenues decreasing by \$20,208 in fiscal 2006. Future year reductions could be higher due to increasing assessments.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): State Department of Assessments and Taxation, Wicomico County, Allegany County, Montgomery County, Prince George's County, Talbot County, Baltimore City, Department of Legislative Services

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mp/hlb

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