

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 403

(Senator Harrington, *et al.*)

Budget and Taxation

Ways and Means

Prince George's County - Green Businesses - Tax Credits

This bill authorizes Prince George's County to grant, by law, a property tax credit for real or personal property owned or leased by a certified green business. The county may establish eligibility and certification criteria; the amount and duration of the credit; regulations and procedures for the application, certification, and uniform processing of requests for the tax credit; and any other provision necessary.

The bill takes effect June 1, 2009 and is applicable to all taxable years beginning after June 30, 2009.

Fiscal Summary

State Effect: None.

Local Effect: Prince George's County property tax revenues may decrease beginning in FY 2010. The amount of the decrease depends on the number of eligible green businesses and the amount of the property tax credit granted. County expenditures are not affected.

Small Business Effect: Potential meaningful. To the extent small businesses qualify for the tax credit, they will have reduced property tax payments.

Analysis

Bill Summary: A green business is defined as a business that is certified by Prince George's County and primarily (1) distributes, manufactures, markets, or sells green products; (2) provides services relating to green products; or (3) provides research and development relating to green products. Green products are products that are energy or water efficient, use healthy, nontoxic materials, are made from recycled or renewable resources, or make current products more energy efficient.

The county council and county executive must jointly appoint an advisory board to provide advice regarding the implementation of the property tax credit. A majority of the members of the advisory board must be affiliated with a nonprofit environmental organization in the State.

Current Law: Prince George's County is authorized to grant a property tax credit for real property (1) owned by specified nonprofit community civic associations; (2) owned by the Piscataway Hills Citizens Association; (3) that is improved to promote housing, community redevelopment, and business revitalization; (4) used by the property owner to provide child care for the children of at least 25 employees; (5) owned or leased by the American Center for Physics and used only for nonprofit activities relating to the advancement and diffusion of the knowledge of physics and its application to human welfare; (6) owned by the Kettering-Largo-Mitchellville Boys and Girls Club; (7) adversely impacted by its proximity to a refuse disposal system; and (8) subject to a State or county agricultural land preservation program.

The county is required to grant a property tax credit for specified property owned by the Maryland Jaycees and the Prince George's County Chamber of Commerce Foundation.

Background: Chapter 143 of 2008 authorized the Carroll County Commissioners to grant a property tax credit against the county property tax imposed on nonresidential property on which a person installs environmentally friendly or "green" technologies. Environmentally friendly technologies include conserving water, incorporating recycled or recyclable materials, and incorporating renewable and energy efficient power generation.

Chapter 519 of 2004 authorized a county or municipal corporation to provide a property tax credit against the local property tax for specified high performance buildings. A high performance building is defined as a building that: (1) achieves at least a silver rating according to the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) Green Building Rating System as adopted by the Maryland Green Building Council; (2) achieves at least a comparable rating according to any other

appropriate rating system; or (3) meets comparable green building guidelines or standards approved by the State.

Chapter 519 also provided that under LEED credit MR7 or a similar criterion in a comparable rating system, credit may be awarded for the use of wood-based materials derived from all credible sources, including the sustainable forestry initiative program, the Canadian Standards Association, the American Tree Farm System, and other credible certified sources programs.

Local Fiscal Effect: The property tax is the largest local revenue source in Prince George’s County, accounting for 24.5% of general fund revenues in fiscal 2009. The county anticipates collecting \$653.7 million in property taxes in fiscal 2009, of which \$589.9 million is generated from real property and \$63.8 million is generated from personal property. The real property tax rate in Prince George’s County is \$0.96 per \$100 of assessed value.

Prince George’s County property tax revenues may decrease beginning in fiscal 2010. The amount of any decrease, however, would depend on the number of eligible green businesses and the amount of credit granted by the county. As a point of reference, **Exhibit 1** shows the number of improved and vacant nonresidential properties in the county, the total fiscal 2009 assessment for each type of property, and the average assessment.

Exhibit 1
Nonresidential Properties in Prince George’s County
Fiscal 2009

	<u>Number of Properties</u>	<u>Total Assessment</u>	<u>Average Assessment</u>
Agricultural – improved	781	\$23,625,302	\$30,250
Agricultural – vacant	1,077	4,346,902	4,036
Commercial – improved	3,537	8,480,372,281	2,397,617
Commercial – vacant	1,559	617,136,676	395,854
Industrial – improved	1,894	4,752,134,289	2,509,047
Industrial – vacant	1,472	496,562,144	337,338
Commercial condos – improved	2,838	729,406,598	257,014
Commercial condos – vacant	29	4,183,798	144,269

Source: State Department of Assessments and Taxation

Additional Information

Prior Introductions: None.

Cross File: HB 959 (Prince George's County Delegation) - Ways and Means.

Information Source(s): State Department of Assessments and Taxation, Department of Legislative Services

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