

Department of Legislative Services  
Maryland General Assembly  
2011 Session

FISCAL AND POLICY NOTE

House Bill 33  
Ways and Means

(Delegate McConkey, *et al.*)

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Anne Arundel County - Nonprofit Charter Schools - Property Tax Credit

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This bill authorizes Anne Arundel County or a municipality in the county to grant a property tax credit for property that is leased to a nonprofit charter school and used exclusively for primary or secondary educational purposes. Anne Arundel County and municipal governments in the county are authorized to provide for the amount and duration of the tax credit, additional eligibility criteria, regulations and procedures for the application and uniform processing of requests for the tax credit, and any other provision necessary.

The bill takes effect June 1, 2011, and applies to taxable years beginning after June 30, 2011.

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Fiscal Summary

**State Effect:** None.

**Local Effect:** Anne Arundel County revenues may decrease by \$72,900 beginning in FY 2012, to the extent the tax credit is granted. County expenditures are not affected.

**Small Business Effect:** None.

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Analysis

**Current Law:** Schools and other educational institutions owned by a nonprofit organization are exempt from State and local property taxes. However, property that is leased to a school or educational institution is subject to State and local property taxes.

**Background:** According to the Maryland State Department of Education, there are 1,483 nonpublic elementary and secondary schools, and 42 charter schools in the State for the 2009-2010 school year. **Exhibit 1** shows the distribution of these schools by jurisdiction.

Chapter 472 of 2010 authorized St. Mary’s County or a municipality in the county to grant a property tax credit for property that is leased to a nonprofit school and is used exclusively for primary or secondary educational purposes. If granted, the property tax credit must remain in effect as long as the property is leased to a nonprofit school.

**Local Fiscal Effect:** The State Department of Assessments and Taxation and the Maryland State Department of Education indicate that there are two charter schools that lease property in Anne Arundel County – the Chesapeake Science Point School and the Monarch Academy Public Charter School. These properties are located in Hanover and Glen Burnie, respectively. Chesapeake Science Point consists of a 41,393 square foot structure on 3.4 acres, and has a fiscal 2012 assessment of approximately \$4.3 million. Monarch Academy consists of a 55,185 square foot structure on 5.0 acres, and has a fiscal 2012 assessment of approximately \$4.0 million.

Property tax revenues in Anne Arundel County will decrease to the extent the property tax credit is granted. As a point of reference, if the county decides to grant a property tax credit for the property leased by the Chesapeake Science Point and Monarch Academy in fiscal 2012, county property tax revenues will decrease by \$72,874 as shown below.

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**Impact on Anne Arundel County Revenues  
From Proposed Property Tax Credit**

|                          | <u>Property<br/>Assessment</u> | <u>County<br/>Tax Rate</u> | <u>Credit<br/>Percentage</u> | <u>Revenue<br/>Decrease</u> |
|--------------------------|--------------------------------|----------------------------|------------------------------|-----------------------------|
| Chesapeake Science Point | \$4,272,700                    | \$0.88                     | 100%                         | \$37,600                    |
| Monarch Academy          | 4,008,400                      | 0.88                       | 100%                         | 35,274                      |
|                          | <b>\$8,281,000</b>             |                            |                              | <b>\$72,874</b>             |

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**Exhibit 1**  
**Nonpublic and Charter Schools in Maryland**

| <b>County</b>   | <b>Nonpublic<br/>Schools</b> | <b>Charter<br/>Schools</b> |
|-----------------|------------------------------|----------------------------|
| Allegany        | 10                           | 0                          |
| Anne Arundel    | 143                          | 2                          |
| Baltimore City  | 151                          | 33                         |
| Baltimore       | 224                          | 1                          |
| Calvert         | 15                           | 0                          |
| Caroline        | 5                            | 0                          |
| Carroll         | 30                           | 0                          |
| Cecil           | 20                           | 0                          |
| Charles         | 31                           | 0                          |
| Dorchester      | 8                            | 0                          |
| Frederick       | 45                           | 1                          |
| Garrett         | 7                            | 0                          |
| Harford         | 47                           | 0                          |
| Howard          | 90                           | 0                          |
| Kent            | 7                            | 0                          |
| Montgomery      | 336                          | 0                          |
| Prince George's | 185                          | 4                          |
| Queen Anne's    | 11                           | 0                          |
| St. Mary's      | 37                           | 1                          |
| Somerset        | 3                            | 0                          |
| Talbot          | 12                           | 0                          |
| Washington      | 37                           | 0                          |
| Wicomico        | 19                           | 0                          |
| Worcester       | 10                           | 0                          |
|                 | 1,483                        | 42                         |

Source: Maryland State Department of Education; Department of Legislative Services

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**Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 260 (Senator Astle, *et al.*) - Budget and Taxation.

**Information Source(s):** State Department of Assessments and Taxation, Anne Arundel County, Maryland State Department of Education, Department of Legislative Services

**Fiscal Note History:** First Reader - February 7, 2011  
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