

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 702

(Senator Jennings, *et al.*)

Budget and Taxation

Ways and Means

Baltimore County - Property Tax Credit - Homes Near a Refuse Disposal System

This bill authorizes Baltimore County to grant a property tax credit against the county property tax imposed on specified residential property that is located near the Eastern Sanitary Landfill Solid Waste Management Facility.

The bill takes effect June 1, 2015, and applies to taxable years beginning after June 30, 2015.

Fiscal Summary

State Effect: None.

Local Effect: Baltimore County property tax revenues may decrease by \$267,400 in FY 2016 to the extent the property tax credit is granted. Revenues from environmental surcharges must increase by a commensurate amount. Future year revenues decrease according to property tax assessments and county property tax rates. Expenditures are not affected.

Small Business Effect: None.

Analysis

Bill Summary: The property tax credit may be granted to owner-occupied residential real property located on (1) Allender Road, south of Pulaski Highway; (2) Baker Road; (3) Beach Road; (4) Bowerman Road; (5) Loreley Road; (6) Loreley Beach Road; (7) Loreley Beach Road East; (8) Loreley Beach Road North; (9) Opie Road; (10) Maple Avenue; (11) Mayberry Road; or (12) Stevens Road, south of Pulaski Highway. To be

eligible for the property tax credit, the property must have been impacted adversely by its proximity to the Eastern Sanitary Landfill Solid Waste Management Facility, as determined by the Baltimore County Council; used as the principal residence of the homeowner; and owned by the homeowner before June 1, 2013.

A property tax credit may not be granted for any taxable year beginning after the date on which Baltimore County ceases to allow the transfer of solid waste from Harford County at the Eastern Sanitary Landfill Solid Waste Management Facility.

The property tax credit may not be granted unless the Baltimore County Council approves the use of environmental surcharges to offset the total amount of the property tax credits granted. Environmental surcharges are tipping fees that (1) are paid to Baltimore County by the user of a refuse disposal system and (2) have been set at a specific amount per ton of refuse that is deposited at the site of the disposal system.

Current Law: Baltimore County is required to grant a property tax credit for property that is owned by (1) the Harford Park Improvement Association of Baltimore County; (2) Lynch Point Improvement Association; (3) Chestnut Ridge Improvement Association of Baltimore County; and (4) the Relay Improvement Association of Baltimore County.

In addition, Baltimore County is authorized to grant a property tax credit for real property owned by (1) the Twin River Protective and Improvement Association; (2) the Bowley's Quarters Improvement Association; (3) the Oliver Beach Improvement Association; (4) the Baltimore County Game and Fish Association; (5) the Eastfield Civic Association; (6) the Rockaway Beach Improvement Association; (7) the Fire Museum of Maryland; (8) the Carney Rod and Gun Club; (9) the Rosa Ponselle Charitable Foundation, known as "Villa Pace"; (10) the Friends of the Oliver House; (11) the Bird River Beach Community Association; (12) the Harewood Park Community League; (13) the Maryland State Game and Fish Protective Association; (14) the Bowerman-Loreley Beach Community Association; (15) the Civic League of Inverness; (16) the Rosewald Beach Civic League; and (17) any other nonprofit community association, civic league or organization, or recreational or athletic organization.

Tax credits also can be granted to specified real property improvements that promote business redevelopment; units of a condominium, under specified conditions; dwellings, meeting specified conditions; property owned by the Gunpowder Valley Conservancy; and personal property that is owned by the Genesee Valley Outdoor Learning Center and Leadership Through Athletics.

Background: The Eastern Sanitary Landfill Solid Waste Management Facility is one of three facilities operated by Baltimore County where county residents can take residential trash and recyclables. Baltimore County reports that approximately \$1.5 million in tipping and transfer fees were collected at the Eastern Sanitary Landfill Solid Waste Management Facility in fiscal 2014.

Local Fiscal Effect: Baltimore County property tax revenues may decrease beginning in fiscal 2016 to the extent a property tax credit is granted to residential properties in specified areas of the county that are determined to be impacted adversely by their proximity to the Eastern Sanitary Landfill Solid Waste Management Facility. In addition, the bill requires that Baltimore County impose environmental surcharges to offset the revenue loss from the property tax credits.

The State Department of Assessments and Taxation has identified 117 owner-occupied residential properties located on the roads identified by the bill that may be eligible for the property tax credit. The fiscal 2015 taxable assessment for these properties totals \$24.3 million. The Baltimore County real property tax rate for fiscal 2015 is \$1.10 per \$100 of assessment. Based on the assessment data and the county's current property tax rate, Baltimore County revenues may decrease by approximately \$267,400 in fiscal 2016, to the extent that a 100% property tax credit is granted to all of the identified properties. Future year revenue decreases depend on property tax assessments and county property tax rates. To the extent the tax credit is granted, revenues from environmental surcharges must increase by a commensurate amount to offset the amount of property tax credits granted. Based on the estimated property tax revenue decrease, environmental surcharge revenues will have to increase by approximately \$267,400 annually.

Additional Information

Prior Introductions: HB 1247 of 2014 received a hearing in the House Ways and Means Committee, but no further action was taken on the bill. Its cross file, SB 981 passed the Senate and received a hearing in the House Ways and Means Committee, but no further action was taken on the bill.

Cross File: HB 257 (Baltimore County Delegation) - Ways and Means.

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

Fiscal Note History: First Reader - February 20, 2015
md/hlb Revised - Senate Third Reader - March 25, 2015
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