

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 133 (Senator Mathias)
Budget and Taxation

Somerset County - Tax Exemption for Manufacturing Property - Duration

This bill repeals the limitation on the maximum duration of a specified manufacturing property tax exemption in Somerset County.

The bill takes effect June 1, 2016.

Fiscal Summary

State Effect: None.

Local Effect: Minimal decrease in Somerset County revenues due to the limited number of entities that may be eligible for the property tax exemption. County expenditures are not affected.

Small Business Effect: Minimal.

Analysis

Current Law: The Somerset County commissioners may exempt from county taxation factories, manufacturing industries, fabricating or assembling facilities, and industrial plants; the land, machinery, and tools which those facilities use; and stock in trade or products of the facilities that are located in the county. The county commissioners must determine the eligibility criteria for the property tax exemption. However, the property tax exemption must be granted only in those instances where 10 or more wage earners are regularly employed by the person, persons, or corporation applying for the tax exemption. In addition, a tax exemption may only be granted to new industries or to established local industries which are making substantial bona fide improvements or expansion or

undertaking similar new construction work. Also, the tax exemption must be granted only with respect to property that is represented by such new improvements, expansion, or construction work.

The property tax exemption must be granted for only one year or portion of one year at a time, at the expiration of which the exemption may be renewed after reapplication and approval by the county commissioners. An exemption may not continue for longer than five years.

Background: According to the Somerset County government, only one business (Eastern Shore Forest Products) currently receives the property tax exemption. The business has been receiving the tax exemption for the past three years. The amount of the property tax exemption totaled \$18,700 in fiscal 2014, \$35,600 in fiscal 2015, and \$47,400 in fiscal 2016.

Additional Information

Prior Introductions: None.

Cross File: HB 298 (Delegate Otto) – Ways and Means.

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

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Analysis by: Michael Sanelli

Direct Inquiries to:
(410) 946-5510
(301) 970-5510