

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 1323
Ways and Means

(Delegate Long, *et al.*)

Budget and Taxation

Property Tax - Credit for Revitalization Districts

This bill authorizes local governments to grant, by law, a property tax credit for a dwelling that is (1) located in a revitalization district; (2) owned by a homeowner who, on or after June 1, 2017, made substantial improvements to the dwelling in compliance with the code and laws applied to dwellings; and (3) reassessed at a higher value. The property tax credit phases out over a five-year period. The bill specifies the value of the property tax credit as well as procedures for administering the property tax credit.

The bill takes effect June 1, 2017, and applies to taxable years beginning after June 30, 2017.

Fiscal Summary

State Effect: None.

Local Effect: County and municipal property tax revenues decrease beginning in FY 2018 to the extent the property tax credit is granted. The amount of the decrease depends on revitalization districts defined by county and municipal governments, the number of eligible homeowners, and the assessed value of eligible dwellings. Expenditures are not affected.

Small Business Effect: None.

Analysis

Current Law: Counties and municipalities are authorized to grant property tax credits for various types of repaired or rehabilitated property under Title 9, Subtitle 2 of the Tax-Property Article.

Local Fiscal Effect: County and municipal property tax revenues decrease beginning in fiscal 2018 to the extent the property tax credit is granted. The amount of the decrease depends on revitalization districts defined by county and municipal governments, the number of eligible homeowners, and the assessed value of eligible dwellings, none of which can be reliably estimated at this time.

As a point of reference, **Exhibit 1** shows the average residential property tax assessments and property tax rates, by county, for fiscal 2017. Information on local property tax rates and property assessments for Maryland counties and Baltimore City can be found in Chapters 4 and 5 of the [Overview of Maryland Local Governments](#) report. A copy of the report can be found on the Department of Legislative Services website.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Charles and Montgomery counties; City of Bowie; State Department of Assessments and Taxation; Department of Legislative Services

Fiscal Note History: First Reader - March 7, 2017
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Exhibit 1
Residential Property Tax Assessments and Property Tax Rates
Fiscal 2017

<u>County</u>	<u>Average Total Value</u>	<u>Average County Homestead Credit</u>	<u>Property Tax Rate FY 2017</u>
Allegany	\$94,878	\$7,939	\$0.9770
Anne Arundel	276,482	89,033	0.9150
Baltimore City	133,263	30,478	2.2480
Baltimore	226,681	16,799	1.1000
Calvert	263,809	25,493	0.9520
Caroline	178,051	14,332	0.9800
Carroll	302,051	8,684	1.0180
Cecil	292,387	8,832	0.9914
Charles	259,751	8,850	1.2050
Dorchester	194,673	25,337	0.9760
Frederick	293,806	9,441	1.0600
Garrett	120,058	16,688	0.9900
Harford	257,605	8,181	1.0420
Howard	379,774	19,679	1.1900
Kent	223,204	43,863	1.0220
Montgomery	328,888	15,822	1.0382
Prince George's	214,043	33,141	1.3740
Queen Anne's	337,525	21,516	0.8471
St. Mary's	262,461	31,496	0.8523
Somerset	104,915	15,019	1.0000
Talbot	250,991	154,296	0.5471
Washington	203,350	10,216	0.9480
Wicomico	160,278	7,555	0.9516
Worcester	216,166	24,620	0.8350

Source: State Department of Assessments and Taxation
