

Department of Legislative Services  
Maryland General Assembly  
2018 Session

FISCAL AND POLICY NOTE  
Third Reader

House Bill 1186  
Ways and Means

(Howard County Delegation)

Budget and Taxation

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Howard County - Property Tax Credit - Natural Disaster  
Ho. Co. 09-18

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This bill alters a Howard County property tax credit for commercial property that has suffered flood or sewage damage by including damage caused by a natural disaster for both residential and commercial property. **The bill takes effect June 1, 2018, and applies to taxable years beginning after June 30, 2018.**

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Howard County property tax revenues decrease beginning in FY 2019 to the extent the property tax credit is authorized. The amount of the revenue decrease depends on the number of affected properties, property values, and the amount of the tax credit. County expenditures are not affected.

**Small Business Effect:** Potential meaningful. Eligible businesses will realize reduced property tax payments.

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**Analysis**

**Current Law:** Chapter 137 of 2017 authorized Howard County to grant a property tax credit for commercial real property that has been determined to have suffered flood damage or sewer damage caused by flood conditions.

Chapter 745 of 2017 altered a local option property tax credit for property that has suffered flood or sewage damage by including damage caused by a natural disaster.

**Background:** Local governments are authorized to grant, by law, a property tax credit for residential real property that has been determined to have suffered flood damage or sewage damage caused by flood conditions, including flood damage caused by a natural disaster. Data collected by the Department of Legislative Services during 2016 indicated that no counties have authorized this property tax credit.

**Local Fiscal Effect:** Howard County property tax revenues decrease beginning in fiscal 2019 to the extent the property tax credit is authorized. The amount of the revenue decrease depends on the number of affected residential and commercial properties, property values, and the amount of the tax credit.

Howard County advises that the county has not yet enacted the property tax credits under Chapters 137 and 745 of 2017. However, the county has provided property tax credits under its historic property tax credit program for eligible properties that suffered damage in the July 2016 flood. In addition, the county reports that it also provided some residential properties a one-time credit for damage suffered.

Howard County reports that 87 buildings that were damaged during the July 2016 flood had their property tax assessments reduced to \$1,000, which results in a county property tax of \$10. Of these buildings, 84 are commercial buildings and 3 are not historic buildings. However, the county advises that there may be other buildings that were damaged in the flood that did not have their assessment reduced to \$1,000.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Howard County; Department of Legislative Services

**Fiscal Note History:** First Reader - March 5, 2018  
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