

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 243
Ways and Means

(Allegany County Delegation)

Budget and Taxation

Allegany County - Property Tax Credit - Cumberland Economic Development Corporation

This bill authorizes Allegany County and municipalities in the county to grant a property tax credit for property that is owned by the Cumberland Economic Development Corporation. **The bill takes effect June 1, 2019, and applies to taxable years beginning after June 30, 2019.**

Fiscal Summary

State Effect: None.

Local Effect: Local property tax revenues may decrease by at least \$2,100 annually in Allegany County and \$2,600 annually in the City of Cumberland. The revenue decrease begins in FY 2020 to the extent the property tax credit is granted. Local expenditures are not affected.

Small Business Effect: Potential meaningful. The Cumberland Economic Development Corporation could realize a significant reduction in county and municipal property taxes depending on the number of properties that it owns in any given year.

Analysis

Current Law: Exhibit 1 lists the current mandatory and optional property tax credits that are granted in Allegany County. Allegany County will collect approximately \$42.8 million in property tax revenues in fiscal 2019. The City of Cumberland collected \$11.2 million in property tax revenues in fiscal 2017.

Exhibit 1
Allegany County Property Tax Credits

Optional

Frostburg Community Hospital
Western Maryland Scenic Railroad
Frostburg Lions Club
La Vale Lions Club Foundation
Carver Community Center
Cumberland Cultural Foundation/Gilchrist Museum
Allegany County Agricultural Expo
Allegany County Building Trades Education Foundation
Bell Tower Building
Cumberland Outdoor Club
Public industrial park owned/managed/operated by a 501(c)(6)
Property subdivided for future residential development
Frostburg Museum Association
Allegany County Animal Shelter Management Foundation
Family Junction
LaVale Swim Club
The Lions Center for Rehabilitation and Extended Care

Mandatory

Personal property owned by nonprofit TV broadcast translator station
South Cumberland Business and Civic Association
Bona fide labor union
Real property leased by religious organization to La Vale Athletic Association
Improvements to certified historical/agriculturally significant real property
Cresaptown Civic Improvement Association
Potomac Park Citizens Committee

Local Fiscal Effect: The Cumberland Economic Development Corporation headquarters building is located in the City of Cumberland and has an assessed value of \$248,700 for fiscal 2019. As a result of the property tax credit under the bill, county property tax revenues may decrease by at least \$2,100 annually beginning in fiscal 2020, and property tax revenues for the City of Cumberland may decrease by at least \$2,600. This estimate is based on a county property tax rate of \$0.839 and a municipal property tax rate of \$1.06.

To the extent that the Cumberland Economic Development Corporation purchases properties in future years for which county and municipal property taxes are owed by the corporation, county and municipal property tax revenues would decrease accordingly. Allegany County reports that the corporation sold 37 properties at the end of calendar 2018 and paid \$13,100 in county property taxes and \$16,500 in city property taxes for fiscal 2019.

Additional Information

Prior Introductions: None.

Cross File: SB 214 (Senator Edwards) - Budget and Taxation.

Information Source(s): Allegany County; State Department of Assessments and Taxation; Department of Legislative Services

Fiscal Note History: First Reader - February 4, 2019
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