

Department of Legislative Services  
Maryland General Assembly  
2021 Session

FISCAL AND POLICY NOTE  
Third Reader

Senate Bill 887

(Senators Elfreth and Simonaire)

Budget and Taxation

Ways and Means

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Property Tax Credit – Business Entities – State of Emergency

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This bill authorizes county and municipal governments to grant a property tax credit for real or personal property owned or leased by a business entity affected by a specified declared state of emergency. County and municipal governments may provide, by law, for (1) the amount and duration of the property tax credit; (2) additional eligibility criteria for the property tax credit; (3) regulations and procedures for the application and uniform processing of requests for the property tax credit; and (4) any other provision necessary to carry out the property tax credit. **The bill takes effect June 1, 2021, and applies to taxable years beginning after June 30, 2021.**

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Fiscal Summary

**State Effect:** None.

**Local Effect:** County and municipal property tax revenues decrease in any year in which there is a declared state of emergency, to the extent the property tax credit is granted. The amount of the decrease depends on the number of businesses receiving the property tax credit and the amount of the property tax credit. Local expenditures are not affected.

**Small Business Effect:** Potential meaningful. Small businesses receiving a property tax credit will benefit from a reduced property tax liability.

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Analysis

**Current Law:** Under the Tax – Property Article, all local governments are subject to statewide mandatory tax credit programs and are authorized to grant tax credits for certain types of property. They also are subject to mandatory and optional tax credits specific to

individual counties and municipalities. The authority to grant local tax credits must be provided for in State law. A comprehensive overview on property tax credits in Maryland can be found in Chapter 2 of the [Guide to the Property Tax Structure in Maryland](#).

The Governor declared a public health emergency on March 5, 2020, with the declaration being extended several times since. The public health emergency is still in effect, and the most recent renewal occurred on December 23, 2020.

**Local Fiscal Effect:** The bill authorizes counties and municipalities to provide a property tax credit to businesses that are affected by a declared state of emergency. As a result, county and municipal property tax revenues may decrease in any year in which a state of emergency is declared, to the extent the property tax credit is granted. The amount of the decrease depends on the number of businesses receiving the property tax credit and the amount of the property tax credit.

The following summary provides an overview on the amount of property tax revenues collected by county governments and their overall reliance on the commercial property tax base. Additional information on local property tax rates and revenue amounts for Maryland counties and Baltimore City can be found in the [County Revenue Outlook](#) report. A copy of the fiscal 2021 report is available on the Department of Legislative Services [website](#).

#### *Property Tax Collections – County Governments*

County property tax collections are projected to total \$9.1 billion in fiscal 2021. A considerable portion of these revenues are generated by commercial establishments. As shown in **Exhibit 1**, commercial real property accounts for approximately 25% of the total real property base. In Baltimore City, commercial real property accounts for over 40% of the total real property base. Of the 2.4 million real property tax accounts in the State, approximately 2.5% are either improved commercial accounts (47,700) or improved commercial condominium accounts (15,800). As shown in **Exhibit 2**, the average real property assessment is \$2.1 million for commercial accounts and \$721,700 for commercial condo accounts. The average local property tax amount for these accounts total \$25,300 for commercial real property and \$8,600 for commercial condo real property.

**Exhibit 1**  
**Real Property Base – Fiscal 2019**

<b><u>County</u></b>	<b><u>Commercial Real Property</u></b>	<b><u>Total Real Property</u></b>	<b><u>% Commercial</u></b>
Allegany	\$983,411,141	\$3,647,463,426	27.0%
Anne Arundel	21,336,377,969	91,133,376,067	23.4%
Baltimore City	19,910,869,418	45,557,036,733	43.7%
Baltimore	24,978,591,308	87,945,647,348	28.4%
Calvert	1,361,803,590	12,184,658,610	11.2%
Caroline	408,078,102	2,625,018,052	15.5%
Carroll	2,636,162,950	20,099,491,617	13.1%
Cecil	2,275,859,595	10,181,215,060	22.4%
Charles	3,387,114,025	18,369,902,013	18.4%
Dorchester	525,149,231	2,877,705,939	18.2%
Frederick	6,366,822,557	31,978,786,534	19.9%
Garrett	477,260,496	4,413,279,645	10.8%
Harford	5,855,085,796	28,583,847,626	20.5%
Howard	12,397,250,972	53,313,887,877	23.3%
Kent	414,795,733	2,970,482,813	14.0%
Montgomery	46,217,229,938	195,345,501,347	23.7%
Prince George's	28,728,368,112	97,654,459,098	29.4%
Queen Anne's	1,055,072,365	8,397,765,444	12.6%
St. Mary's	1,811,217,943	12,594,358,576	14.4%
Somerset	273,368,437	1,376,668,778	19.9%
Talbot	1,094,068,494	8,493,110,859	12.9%
Washington	3,984,619,028	12,880,995,194	30.9%
Wicomico	1,642,878,307	6,306,778,804	26.0%
Worcester	2,702,769,121	15,893,364,746	17.0%
<b>Total</b>	<b>\$190,824,224,628</b>	<b>\$774,824,802,206</b>	<b>24.6%</b>

Source: State Department of Assessments and Taxation

**Exhibit 2**  
**Commercial and Commercial Condo Real Property Accounts**  
**July 2020**

County	Commercial Real Property			Commercial Condominium Real Property		
	Accounts	Value	Avg. Value	Accounts	Value	Avg. Value
Allegany	2,033	\$819,950,975	\$403,321	51	\$2,633,400	\$51,635
Anne Arundel	4,014	12,541,073,574	3,124,333	1,701	738,442,901	434,123
Baltimore City	7,955	11,809,975,616	1,484,598	695	1,508,098,830	2,169,926
Baltimore	6,265	11,956,855,486	1,908,516	469	810,733,166	1,728,642
Calvert	553	758,266,546	1,371,187	146	39,970,995	273,774
Caroline	511	258,823,497	506,504	0	0	n/a
Carroll	1,651	1,921,249,897	1,163,689	345	97,711,199	283,221
Cecil	1,318	1,188,439,662	901,699	182	15,643,600	85,954
Charles	1,055	1,990,673,638	1,886,894	674	182,520,421	270,802
Dorchester	709	380,002,708	535,970	0	0	n/a
Frederick	2,097	4,007,082,388	1,910,864	693	264,464,228	381,622
Garrett	808	382,472,265	473,357	250	31,584,000	126,336
Harford	2,197	3,426,238,776	1,559,508	157	90,292,433	575,111
Howard	1,179	5,282,329,132	4,480,347	1,368	694,140,298	507,412
Kent	509	357,727,700	702,805	12	5,984,167	498,681
Montgomery	2,927	22,963,239,791	7,845,316	3,821	5,351,718,399	1,400,607
Prince George's	3,543	11,937,267,704	3,369,254	2,938	888,429,836	302,393
Queen Anne's	601	747,184,099	1,243,235	573	56,528,867	98,654
St. Mary's	1,113	1,149,494,318	1,032,789	142	70,439,731	496,054
Somerset	646	199,838,937	309,348	23	2,913,199	126,661
Talbot	930	853,530,539	917,775	212	54,060,419	255,002
Washington	1,781	2,264,385,743	1,271,413	110	136,550,527	1,241,368
Wicomico	1,541	1,029,168,763	667,858	339	68,841,156	203,071
Worcester	1,729	2,365,456,663	1,368,107	850	254,955,027	299,947
<b>Total</b>	<b>47,665</b>	<b>\$100,590,728,417</b>	<b>\$2,110,369</b>	<b>15,751</b>	<b>\$11,366,656,799</b>	<b>\$721,647</b>

Avg.: average

Source: State Department of Assessments and Taxation

**Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** HB 1137 (Delegate Kerr) - Ways and Means.

**Information Source(s):** Baltimore, Dorchester, Garrett, Howard, and Montgomery counties; Maryland Association of Counties; cities of Salisbury and Westminster; Maryland Municipal League; towns of Bel Air, Leonardtown, and Riverdale Park; State Department of Assessments and Taxation; Department of Legislative Services

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