

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 1357
Ways and Means

(Howard County Delegation)

Budget and Taxation

**Howard County - Payment in Lieu of Taxes Agreements - Moderate Income
Housing
Ho. Co. 8-24**

This bill authorizes Howard County to exempt real property belonging to the owners of specified moderate income housing developments if the owner and the county enter into a specified payment in lieu of taxes (PILOT) agreement. **The bill takes effect June 1, 2024, and applies to taxable years beginning after June 30, 2024.**

Fiscal Summary

State Effect: None.

Local Effect: Howard County property tax revenues may decrease beginning in FY 2025 to the extent that certain moderate income housing developments are exempt from real property taxes. The amount of any decrease depends on the number of moderate income housing developments taking place in the county and the assessed value of each affected property. County property tax revenue decreases will be mitigated by negotiated PILOT agreements between the county and developers.

Small Business Effect: Minimal.

Analysis

Bill Summary: The bill authorizes Howard County to enter into a PILOT agreement with owners of specified moderate income housing developments if (1) the owner of the real property and Howard County agree that the owner must pay a negotiated amount in lieu of the county property tax and (2) the owner of the real property enters into an agreement with

Howard County to maintain a number of residential units located at the real property as housing for moderate income households that exceeds the minimum number of moderate income housing units required by local zoning laws in effect on the date of the agreement.

The Howard County Executive must publish the methodology to be used for calculating the negotiated payment amount for PILOT agreements on the county's website. The methodology may be revised at any time. The county executive must reevaluate the methodology to be used for calculating a negotiated payment amount for a potential agreement at least once every five years. If any revisions are made to the most recently published methodology, the county executive must publish the revised methodology on the county's website.

Howard County may not enter a PILOT agreement unless the negotiated payment amount for the agreement was determined in accordance with the methodology most recently published on the county's website.

Current Law: A PILOT is an agreement between a jurisdiction and a developer, business, or landowner that substitutes a negotiated payment for annual real estate taxes that are traditionally due on a property. The [Guide to the Property Tax Structure in Maryland](#) provides a summary on the jurisdictions with existing PILOT agreements and the extent to which the assessable base has been exempt from taxation. The [Guide to Local Government Taxing Authority](#) provides an overview on each county government's statutory authority to impose local taxes and establish tax credits and exemptions.

Local Fiscal Effect: Howard County property tax revenues may decrease beginning in fiscal 2025 to the extent that certain moderate income housing developments are exempt from real property taxes. The amount of any decrease depends on the number of moderate income housing developments taking place and the assessed value of each affected property. For fiscal 2024, the county real property tax rate is \$1.25 per \$100 of assessed value. Property tax decreases will be mitigated by negotiated PILOT agreements between the county and developers.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 1147 (Howard County Senators) - Rules.

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

Fiscal Note History: First Reader - March 3, 2024
js/hlb Third Reader - March 18, 2024

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