

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 760 (Howard County Delegation)
Commerce and Government Matters

Howard County - Building Excise Tax
Ho. Co. 11-96

This bill repeals the limit imposed on the Howard County Council with respect to the use of funds from the Howard County Development Improvement Fund for additional or expanded public road facilities. Currently, appropriations from the fund may not exceed more than 50% of the total amount appropriated from other county sources for the fiscal year for additional or expanded public road facilities. The bill also repeals the June 30, 1998 sunset date for the county's authority to impose a building excise tax.

The bill is effective July 1, 1996.

Fiscal Summary

State Effect: None.

Local Effect: Howard County expenditures could increase by an indeterminate significant amount as discussed below. Any increase, however, would be funded by building excise tax revenues. Howard County building excise tax revenues would continue beginning in FY 1999.

Fiscal Analysis

Local Effect: Over the past several years, Howard County has not appropriated any funds for additional or expanded public road facilities. Accordingly, the Development Road Improvement Fund has accumulated a significant amount of building excise tax revenues. It is estimated that this fund will have \$21 million in available excise tax revenues in fiscal 1997. Under the bill, the county would not have to allocate funds from other county sources in order to use the excise tax revenues. As a result, the county could use the excise tax funds

either for pay-go capital projects or for debt service payments on road construction bonds. If the county chooses to use the available funds, expenditures could increase depending upon the number of projects, the cost of the projects, and the amount of debt service payments. Although the amount cannot be determined beforehand, the expenditure increase could be significant. Any expenditure increase, however, would be offset by the excise tax revenues.

Repealing the sunset for the county's authority to impose a building excise tax would enable the county to maintain excise tax revenues of approximately \$5.5 million annually.

Information Source(s): Howard County, Department of Fiscal Services

Fiscal Note History: First Reader - February 15, 1996

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