

**Department of Fiscal Services**  
Maryland General Assembly

**FISCAL NOTE**  
**Revised**

House Bill 1093 (Delegate Edwards, et al.)  
Ways and Means

Referred to Budget and Taxation

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**Property Tax Exemption for Coal Pollution Control Facilities and Coal Waste Disposal Power Projects**

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This enrolled bill exempts from the property tax 95% of the assessment of property used for the purpose of controlling air or water pollution from the use of coal at an electrical generation facility. The property must have been certified by the Department of the Environment as having all federal and State environmental permits, or must be a coal waste disposal power project. The exemption applies only to property placed in service on or after January 1, 1997, and shall be reduced by the replacement value of any existing equipment which is replaced.

This bill is effective July 1, 1996.

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Revenues could decline by less than \$1.0 million annually beginning in FY 1998.

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**Fiscal Analysis**

**Local Revenues:** Property eligible for the tax credits is primarily personal property, so the only effect would be local. Annual reports filed by electric utilities with the Federal Energy Regulatory Commission indicate that about \$1.2 billion of air and water pollution control property is owned by Maryland utilities, and that about \$100 million of such property is put in use each year. Assuming that 50% of this property is in Maryland, and that 75% of this property is used with coal-fired electric generation facilities, about \$37.5 million of property would be affected under this bill. With the 95% exemption, \$35.6 million would be exempt. At the statewide effective property tax rate of \$2.89 per \$100 of assessed value, property tax

revenues could decline by \$1.0 million in fiscal 1998.

This loss would be mitigated to the extent that existing equipment is replaced, since the exemption must be reduced by the replacement value of any replaced equipment. The reduction to the exemptions, if any, cannot be reliably estimated, as it depends on the amount and value of replaced equipment.

This revenue loss would occur in those counties where coal-fired electric generating plants are located, currently including Anne Arundel, Baltimore, Charles, Montgomery, Prince George's and Washington counties.

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**Information Source(s):** Department of Assessments and Taxation, Department of Fiscal Services

**Fiscal Note History:** First Reader - February 26, 1996  
ncs Revised - House Third Reader - March 27, 1996  
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