

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 186 (Delegate Rzepkowski, et al.)
Ways and Means

Property Tax Credit - Airport Noise Zone

This bill expands the authority of local governments to grant a property tax credit for properties located in the Baltimore-Washington International Airport (BWI Airport) noise zone. The area in which credits may be granted is expanded from the 75 LDN noise contour to the 65 LDN noise contour.

The bill is effective July 1, 1996.

Fiscal Summary

State Effect: None. This bill only affects local property taxes.

Local Effect: Potential decrease in property tax revenues of \$1.2 million in FY 1997, assuming a 50% tax credit. Expenditures would not be affected. Future year revenue losses should decrease as the boundaries of the 65 LDN noise contour are re-evaluated.

Fiscal Analysis

Local Revenues: This bill grants local governments the authority to provide tax credits on more properties but does not require it. Local revenues would only be affected to the extent that more property tax credits are granted, and the magnitude would depend upon the amount of such credits.

Anne Arundel County currently grants a 50% property tax credit to 15 residential properties located within the 75 LDN noise contour. No other properties currently qualify for the credit.

The only counties with properties located in the 65 LDN noise contour are Anne Arundel and Howard. Approximately 2,190 owner-occupied properties would become eligible for a tax

credit under this bill. Of those, approximately 70 are located in Howard County and an estimated 2,120 are located in Anne Arundel County. The average assessments in the affected areas of Howard and Anne Arundel counties are \$48,000 and \$47,650, respectively. Based on the applicable local property tax rates, if both counties granted a 50% tax credit, the total revenue loss would be approximately \$1.2 million. **Exhibit 1** shows the potential revenue loss in the two counties, assuming a 50% credit.

**Exhibit 1
Potential Revenue Effect of HB 186**

<u>County</u>	<u>Number of Properties*</u>	<u>Average Assessment</u>	<u>County Property Tax Rate</u>	<u>Total Tax Liability</u>	<u>Cost of 50% Credit</u>
Anne Arundel	2,120	\$48,000	2.83	\$95,088	\$47,544
Howard	<u>70</u>	<u>\$47,650</u>	<u>2.38</u>	<u>\$2,404,228</u>	<u>\$1,202,114</u>
Total	2,190	N/A	N/A	\$2,499,316	\$1,249,658

* The estimated number of properties is accurate within 5 properties.

The cost of the tax credits would decrease by an indeterminate amount in fiscal 1998 when the boundaries of the noise contours are re-evaluated. Because the noise levels of aircraft and BWI Airport in general are being lowered, the 65 LDN noise contour is expected to encompass a smaller geographical area.

Information Source(s): Anne Arundel County, Howard County, Prince George’s County, Baltimore County, Department of Assessments and Taxation, Department of Transportation, Baltimore-Washington International Airport (Division of Aviation, Noise, and Abatement).

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