

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 96 (Chairman, Budget and Taxation Committee)
(Departmental - Assessments and Taxation)
Budget and Taxation

Property Tax - Correctional or Educational Facilities

This departmental bill creates a property tax exemption for property owned by federal, state, or local governments which is used by a for-profit organization as a correctional or educational facility.

This bill is effective July 1, 1996.

Fiscal Summary

State Effect: Annuity bond fund revenues could decrease by up to \$9,100 beginning in FY 1997. Expenditures are not affected.

(in dollars)	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
SF Revenues	\$9,100	\$9,100	\$9,100	\$9,100	\$9,100
SF Expenditures	0	0	0	0	0
Net Effect	\$9,100	\$9,100	\$9,100	\$9,100	\$9,100

Note: () - decrease; GF - general funds; FF - federal funds; SF - special funds

Local Effect: Baltimore County revenues could decrease by up to \$124,100 in FY 1997. Expenditures are not affected.

Small Business Effect: The Department of Assessments and Taxation has determined that this bill has a minimal impact on small business (attached). Fiscal Services concurs with this assessment.

Fiscal Analysis

State Revenues: Government property used by a for-profit organization is taxable under current law. The only property this bill would affect currently is that used for the Charles H. Hickey, Jr., School, which is operated by Youth Services International, Inc. under a contract with the Department of Juvenile Justice. The total state property tax bill for this facility is estimated at \$9,130, but the amount for which the operator would be liable is unknown. State property tax revenues are credited to the annuity bond fund.

An indeterminate revenue loss will occur in the out-years to the extent that educational and correctional functions will be contracted out to for-profit entities but operated on government-owned property.

Local Revenues: The local property tax bill for the Hickey School, which is located in Baltimore County, is estimated at \$124,120. Again, the amount of tax for which the operator would be liable is not known.

An indeterminate revenue loss will occur in the out-years to the extent that educational and correctional functions will be contracted out to for-profit entities but operated on government-owned property.

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

Fiscal Note History: First Reader - January 18, 1996
ncs

Analysis by: David F. Roose
Reviewed by: John Rixey
(410) 841-3710
(301) 858-3710

Direct Inquiries to:
John Rixey, Coordinating Analyst