

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 158 (Delegate Frank, et al.)
Commerce and Government Matters

Zoning and Planning - Home Offices - Residential Use

This bill provides that a home office that meets certain requirements must be considered a residential use for planning and zoning purposes. A home office means an office in a dwelling unit if it occupies not more than 25% of the total floor area, is operated by one or more residents of the dwelling unit, employs no more than two individuals who are not residents of the unit, and involves activity that does not change the character of the dwelling and is conducted entirely within the dwelling unit.

Fiscal Summary

State Effect: General fund revenues could decrease by an indeterminate minimal amount as discussed below. Expenditures would not be affected.

Local Effect: County revenues and expenditures could decrease by an indeterminate minimal amount as discussed below.

Fiscal Analysis

State Effect: General fund revenues could decrease due to the collection of fewer penalties for zoning violations. Although the number of violations and penalty amounts cannot be determined beforehand, the revenue loss would be minimal.

Since violations of zoning laws generally do not require imprisonment, general fund expenditures would not be affected.

Local Effect: Depending upon the zoning laws in each county, county revenues and expenditures could decrease due to the classification of home offices as residential use. Currently, the zoning laws vary by jurisdiction. As a result, a county could classify home offices as business or commercial use, while another county could consider the offices as residential use. For example, home offices in Allegany County are considered as residential use. Under the bill, a county's zoning guidelines for home offices would be pre-empted. Accordingly, if a county currently classifies home offices as business use, it could experience a revenue loss due to lower permit revenues. Although the potential revenue loss would vary by jurisdiction, the amount would be minimal.

In addition, any cost savings resulting from fewer investigations of home offices for violating local zoning laws would be minimal.

Information Source(s): Maryland Office of Planning; Allegany, Talbot, and Wicomico counties; Baltimore City; Washington Suburban Sanitary Commission; Department of Fiscal Services

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