

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 931 (Montgomery County Delegation)
Ways and Means

Montgomery County - Property Tax Credits - Optional Impact Tax Credit
MC 722-97

This bill enables Montgomery County to grant a property tax credit for real property if a development impact tax credit exceeds the amount of development impact tax owed. The property tax credit is the amount of that excess development impact tax credit. A development impact tax credit may be granted against impact taxes incurred from the construction of roads.

This bill is effective July 1, 1997.

Fiscal Summary

State Effect: None.

Local Effect: Potential minimal decrease in local revenues and expenditures in FY 1998 as discussed below.

Small Business Effect: Indeterminate effect on small businesses as discussed below.

Fiscal Analysis

Local Revenues: Granting optional impact tax credits could decrease Montgomery County revenues by reducing the amount of property tax revenues the county collects. A developer who previously could not receive the full amount of the development impact tax credit would now be eligible for the full amount of the credit. Any revenue reduction is expected to be minimal.

Local Expenditures: Under current law, there may be circumstances in which a developer does not receive the full benefit of a development impact tax credit. By allowing an excess credit to be claimed against real property taxes, this bill enhances the incentive for developers to build roads. To the extent that this incentive causes developers to build more roads that the county would otherwise construct, county expenditures would decrease. Montgomery County expects any decrease in expenditures to be minimal, but a specific impact is not available at this time.

Small Business Effect: A small business could be affected to the extent that it provides local road construction needs that the county would otherwise offer or provide. Providing this construction would increase business costs, but these costs would be partially offset because the tax credit would reduce the amount of county property taxes the business must pay. However, any specific impact is indeterminate.

Information Source(s): Montgomery County, Department of Assessments and Taxation

Fiscal Note History: First Reader - March 3, 1997

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