

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 434 (Prince George's County Delegation)
Commerce and Government Matters

**Prince George's County - Cemetery Corporations - Land Limitation - Exception
PG 404-97**

This bill allows cemetery corporations operating in the Kent Election District of Prince George's County to buy, hold, or use for burial up to 150 acres in one tract.

Fiscal Summary

State Effect: Revenues could increase by about \$275 annually beginning in FY 1998. Expenditures would not be affected.

Local Effect: Local revenues could increase by about \$4,500 annually beginning in FY 1998. Expenditures would not be affected.

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

Fiscal Analysis

Background: The current limit on the amount of land that a cemetery corporation may buy, hold, or use for burial is 100 acres. Three other election districts in the State have exceptions to the limit. There is one for-profit cemetery in the Kent Election District of Prince George's County that currently owns over 100 acres and could be affected by this exception at the present time, assuming any necessary local zoning requirements are met.

State Revenues: Currently, the 45 acres owned by the cemetery over the 100 acres approved for burial is assessed as "excess land." If the land were available for the sale of burial plots, the assessment would instead be based on the capitalization of income, that is an estimate of how much profit the land will produce for the business. For property tax purposes, the full cash value assessment of the additional acreage owned by the cemetery would increase from

\$8,750 an acre to \$16,000 or \$7,250. If 45 additional acres would be available for burial purposes, the full cash value of these 45 acres would increase by \$326,250 (45 acres x \$7,250 per acre). Thus, State property tax revenues would increase by \$274.05 [$\$326,250 \times 40\%$ (assessment rate) x $\$0.21/\100 (State property tax rate)] annually. It is noted that over time, as plots are actually used for burial, based on the capitalization of income, the assessed value of the land would decline.

Local Revenues: Based on the increase in assessed value discussed above and assuming a consolidated (county, M-NCPPC, storm water management, and transportation rates) tax rate of \$3.45 per \$100 of assessed value, Prince George's County property tax revenue could increase by \$4,488.45 annually. Because such property is valued based on the capitalization of income method, the assessed value of this property and resulting property tax revenues would decrease over time.

Small Business Effect: The one cemetery that could be affected by this bill at the present time is a small business (under 50 employees). It is reported that there are 57 cemetery subdividers and developers employing 1,376 employees in Maryland. Further, 93% (53) of these are small businesses employing a total of 1,147 employees. As noted above, it is expected that only one of these businesses would be impacted by this legislation, hence, the industry would be minimally affected. However, the one known cemetery affected by this draft bill presumably would increase revenues and realize an increase of \$326,250 in the full cash value of its real property as valued by the Department of Assessments and Taxation.

Information Source(s): Department of Assessments and Taxation, Prince George's County, Department of Fiscal Services

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