

**Department of Fiscal Services**  
Maryland General Assembly

**FISCAL NOTE**

House Bill 895 (Montgomery County and Prince George's County Delegations)  
Ways and Means

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**Prince George's County - Municipal Corporations - Property Tax Differential -  
Residential Property  
MC/PG 49-97**

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This bill prohibits Prince George's County from imposing a county property tax in a municipality for any services the municipality provides for the resident.

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Prince George's County revenues would decrease by an indeterminate significant amount as discussed below. Expenditures would not be affected.

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

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**Fiscal Analysis**

**Local Revenues:** Currently, Prince George's County provides each of its 28 municipalities an annual tax rate differential. A tax rate differential means that the county property tax rate is reduced in each municipality by an amount based on the level of services provided by the municipality in lieu of county services. Under the current program, the county provides only a partial offset for services provided by the municipalities in lieu of county services. The magnitude of the program in fiscal 1996 is approximately \$11.7 million. Under the bill's provisions, the county would be prohibited from imposing a county property tax in municipalities for any service the municipality provides for its residents. Accordingly, county revenues would decrease. The extent of the decrease depends upon the level of services not offset by the tax rate differential under the existing program and the impact of these services on the county's property tax revenues. At this time, this information is not available.

**Small Business Effect:** The assessable base for municipalities in Prince George's County in fiscal 1995 totaled \$4.1 billion, of which approximately 38% is attributable to commercial or business establishments. Small businesses comprise a sizeable, but unquantifiable, portion of this base. Thus, reducing the county property tax rate in municipalities would reduce business costs by an indeterminate amount.

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**Information Source(s):** Department of Fiscal Services

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