

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 47 (Senator Trotter)
Budget and Taxation

Homeowners' Circuit Breaker Property Tax Credit - Notice

This bill requires the Department of Assessments and Taxation to provide each county with notices of each homeowner's possible circuit breaker property tax credit. Each county would then be required to include a notice of the credit in each property tax bill beginning in fiscal 1999.

Fiscal Summary

State Effect: General fund expenditures would increase by \$10,500 in FY 1998. Out-year expenditures reflect inflation and growth in the number of real property tax accounts each year. Revenues would not be affected.

(in dollars)	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	\$10,500	\$10,900	\$11,100	\$11,300	\$11,600
Net Effect	(\$10,500)	(\$10,900)	(\$11,100)	(\$11,300)	(\$11,600)

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

Local Effect: No effect in FY 1998. Indeterminate expenditure increase beginning in FY 1999. This bill imposes a mandate on a unit of local government.

Small Business Effect: None.

Fiscal Analysis

Background: Under current law, the Department of Assessments and Taxation notifies homeowners of this tax credit by two means: (1) the property assessment notice mailed to each property taxpayer every three years; and (2) the individual income tax booklet which is mailed annually by the Comptroller. The department also provides program information via the Internet.

State Expenditures: This bill requires that a notice of this tax credit be placed in each property tax bill on an annual basis. Approximately 1.96 million copies of this notice would be printed each year by the Department of Assessments and Taxation at a cost of \$5.35 per one thousand. This would result in an additional expenditure of \$10,500 in fiscal 1998 to prepare the notices for mailing early in fiscal 1999. Future year expenditures reflect 2% inflation and 2% growth in the number of real property tax accounts.

Local Expenditures: Since local governments would be required to insert a tax credit program notice in property tax bills, expenditures could increase. For example, at least 11 counties use high-impact or laser printers to print tax bills on pre-printed mailer forms. Those counties would have to put credit notices in an envelope or alter the means of their tax bill production, thus increasing expenditures. The additional weight of the notice could also increase postage costs for all counties. Any increase in expenditures cannot be reliably estimated at this time.

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

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