

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 889 (Montgomery County and Prince George's County Delegations)
Commerce and Government Matters

**Prince George's County - M-NCPPC Land Acquisition Revolving Fund - Bonding
and Taxing Authority
MC/PG 38-97**

This bill prohibits the Maryland-National Capital Park and Planning Commission (M-NCPPC) from issuing or selling bonds on or after July 1, 1997 for land acquisition in Prince George's County. M-NCPPC's land acquisition tax rate in Prince George's County cannot exceed the amount required to pay off the interest and principal on bonds issued prior to June 30, 1997. In addition, the bill stipulates that prior to any land transfer arrangement, M-NCPPC must offer the land for sale to the person from whom the land was acquired, if such transaction is within ten years of the conveyance of the land to the commission. Further, M-NCPPC may only transfer land to a nongovernmental purchaser after offering the property for sale at a public auction.

This legislation takes effect on July 1, 1997.

Fiscal Summary

State Effect: None.

Local Effect: Indeterminate decrease in M-NCPPC revenues. Expenditures would not be affected.

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

Fiscal Analysis

Local Revenues: Prince George's County levies a \$0.062 advance land acquisition property tax rate for M-NCPPC, which generates approximately \$1 million in revenues annually. This

legislation prohibits M-NCPPC from issuing additional bonds for land acquisition after July 1, 1997. Further, the property tax rate may not exceed the amount needed to pay off debt service on existing loans. Accordingly, Prince George's County's advance land acquisition property tax rate and revenues should decline in future years as M-NCPPC continues to pay off existing loans.

Absent any information from M-NCPPC and Prince George's County, the legislation's total fiscal impact resulting from the land transaction provisions cannot be determined at this time.

Small Business Effect: The commercial real property tax base in Prince George's County in fiscal 1996 totaled \$3.9 billion or roughly 28% of the total county base. In addition, business property in Prince George's County totals \$1 billion. A sizeable, but unquantifiable, portion of this base is attributable to small businesses. Thus, reducing the advance land acquisition property tax rate in future years would reduce business costs by an indeterminate amount.

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

Fiscal Note History: First Reader - February 12, 1997
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