

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

Revised

Senate Bill 203 (Senator Green. *et al.*)

Budget and Taxation

**State Property Tax Exemption - Property Tax Credits -
Land Trusts and Western Shore Conservancy**

This bill broadens the definition of “conservation land” used to determine eligibility for a local option property tax credit to include property owned by the Western Shore Conservancy. It provides an exemption from State property taxes for certain property owned by a land trust, and also allows a county or municipality to grant a property tax credit for qualifying property owned by a land trust. A land trust must be certified as a trust in good standing and have a cooperative agreement with the Maryland Environmental Trust to be eligible for an exemption and/or credit.

This bill is effective June 1, 1998, and shall be applicable to all taxable years beginning after June 30, 1998.

Fiscal Summary

State Effect: Minimal decrease in special fund revenues beginning in FY 1999. Expenditures would not be affected.

Local Effect: Potential minimal decrease in local revenues beginning in FY 1999. Expenditures would not be affected.

Small Business Effect: Meaningful impact for land trusts. If Prince George’s County chooses to grant the Western Shore Conservancy a property tax credit, the conservancy will realize an annual decrease of \$500 in property taxes paid. Land trusts in the State that receive a State property tax exemption as well as local property tax credits will realize a decrease in property taxes paid.

Fiscal Analysis

State Revenues: There are approximately 1,300 acres of land in the State that would be eligible for the property tax exemption as provided by this bill. Assuming the State's property tax rate of 21 cents per \$100 assessed value, State special fund revenues would decrease by \$2,500 annually. Any future revenue decreases would depend on the value of any property eligible for an exemption and the State property tax rate.

Local Revenues: Land trusts may already be granted property tax credits under Tax-Property Article §9-220, or 15-year tax credits under Tax-Property Article §9-107. These statutory provisions allow for credits and/or exemptions for conservation property, and could mitigate any revenue decreases from credits granted by local jurisdictions.

There are eight counties with property that could be affected by this bill: Baltimore, Calvert, Frederick, Harford, Howard, Montgomery, Prince George's, and Washington. Revenues would decrease to the extent that any of these counties choose to grant the credits authorized by the bill. The maximum annual revenue loss for a single county would be \$13,000 in Frederick County, and the minimum annual county revenue decrease would be \$16 in Baltimore County. To the extent that local tax credits for these properties are already granted, the revenue loss from this bill would be less. Any future revenue decreases would depend on the value of any property eligible for an exemption and local property tax rates.

Information Sources: Department of Assessments and Taxation, Maryland Environmental Trust, Department of Legislative Services

Fiscal Note History: First Reader - March 10, 1998
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