

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 664 (Senator McFadden)

Budget and Taxation

Taxes - Property of the Housing Authority of Baltimore City

This emergency bill exempts any property used as housing for persons of eligible income that is owned by an “entity related to the Housing Authority of Baltimore City” from taxes and special assessments of the State or any political subdivision of the State. An entity related to the authority is an entity that is wholly owned by the authority or an entity in which the authority or an entity wholly owned by the authority has an ownership interest. In lieu of such taxes and special assessments, the entity must make payments to the local government in an amount set by mutual agreement. Under current law, only the property of an authority or of a nonprofit housing corporation is exempt from such taxes and special assessments.

Fiscal Summary

State Effect: Potential minimal decrease in revenues. Expenditures would not be affected.

Local Effect: Potential indeterminate decrease in Baltimore City revenues. Indeterminate effect on City expenditures for public housing.

Small Business Effect: None.

Fiscal Analysis

Background: Under current State law pertaining to public housing, exemption from property taxes is only allowed for housing authorities, not for public-private partnerships. At the same time, federal law prohibits the use of federal funding for public housing unless the project has received a tax exemption and the ability to make a payment in lieu of taxes (PILOT).

Whereas previously public housing had been developed entirely by the housing authority, the new Lexington Terrace project in Baltimore City is being developed through a public-private

partnership. In addition, it is likely that future projects would also be developed through private-public partnerships.

State Revenues: State revenues would decrease to the extent that there are additional properties that would become exempt from the State property tax as a result of the bill.

Local Effect: Local property tax revenues would decrease to the extent that there are additional properties that would become exempt from local property taxes as a result of the bill. Any such revenue decreases could be at least partially offset depending on the agreement between an entity related to an authority and the local government for payment in lieu of taxes (PILOT). The bill would allow the authority to obtain federal funds for projects developed through private-public partnerships.

Baltimore City advises that the bill would assist the City's housing authority in finding alternative means to offer public housing through joint ventures with related entities. Thus, the bill would have an indeterminate effect on local expenditures for public housing.

Information Source(s): Department of Assessments and Taxation; Department of Housing and Community Development; Baltimore City; Department of Legislative Services

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