

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 108 (Senator Della)

Budget and Taxation

Property Tax Exemption - Amateur Sports Organizations

This bill exempts any property owned by an amateur sports organization that is used primarily for amateur sports from State, county, and municipal property taxes.

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

Fiscal Summary

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

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

Small Business Effect: Potential meaningful impact on small businesses. Any small business amateur sports organization that applies for and receives the property tax exemption provided by this bill would realize a property tax decrease. The magnitude of any property tax decrease would depend on the amount and assessed value of an organization's property as well as the property tax rates of the State and the local jurisdiction.

Fiscal Analysis

State Revenues: This bill exempts from the State property tax any property owned by amateur sports organizations and used primarily for amateur sports. The Department of Legislative Services advises that “amateur sports organization” as specified by this bill is not defined and could be interpreted to have a very expansive effect. The definition of this type of organization could include gun and hunting clubs, swim clubs, boating clubs, ice rinks, and nonprofit golf courses. In addition, since the bill does not limit the exemption only to nonprofit organizations, for profit organizations could also be eligible.

Assuming that only nonprofit amateur sports organizations that are currently not receiving local tax credits qualify for this exemption, State special fund revenues could decrease by an estimated \$80,000 in fiscal 1999. The revenue loss could be greater, depending on the potential eligibility of for profit organizations.

Local Revenues: As discussed above, amateur sports organizations as addressed by the bill can be interpreted to have an expansive effect. Assuming that only nonprofit amateur sports organizations currently not receiving local tax credits qualify for this exemption from local property taxes, county and municipal revenues could decrease by an estimated \$1.1 million in fiscal 1999. The revenue loss could be greater, depending on the potential eligibility of for profit organizations.

Information Sources: Department of Assessments and Taxation, Montgomery County, Prince George’s County, Talbot County, Wicomico County, Baltimore City, Department of Legislative Services

Fiscal Note History: First Reader - January 27, 1998
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