

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

House Bill 320 (Prince George's County Delegation)

Ways and Means

County Home Rule - Charter Provisions - Tax and Fee Limitations
PG 415-99

This bill places all State authorized fees and taxes that are levied by the home rule counties under their respective charter restrictions. Therefore, the taxes and fees currently exempt from the county charters will now be included in the respective charter restrictions.

Anne Arundel, Baltimore, Harford, Howard, Montgomery, Prince George's, Talbot, and Wicomico Counties have adopted charter home rule. Of these chartered counties, Anne Arundel, Harford, Montgomery, Prince George's, and Talbot Counties' charters impose a limit on certain taxes and fees.

Fiscal Summary

State Effect: None.

Local Effect: Indeterminate. This bill's impact on the revenues of the home rule counties depends on the extent of their authority to levy taxes pursuant to their charters. Home rule county expenditures will not be affected.

Small Business Effect: None. However, this bill could limit the taxes that small businesses pay.

Fiscal Analysis

Local Revenues: The effect on the counties will vary due to the differing tax limitations the county charters specify. Prince George’s County advises that this bill will not affect county revenues. Based on Prince George’s County’s charter, the only impact would be that before the county could impose or increase any fee or tax, the fee or tax would have to go to referendum, either to amend the charter or to gain charter-mandated voter approval, depending on the provisions of the charter.

Montgomery County advises its revenues will decrease because its charter limits certain taxes and fees to the growth of inflation. This bill will place all previously exempt taxes and fees under the Fairness in Taxation charter amendment (FIT) which would restrict all increases in their taxes and fees to the growth of the Consumer Price Index. The taxes and fees currently exempt from FIT are the income, telephone, hotel, and admissions taxes. The following table indicates the loss in revenues from these fees and taxes for Montgomery County for fiscal 2000 through 2004 and the total loss the county will incur when these fees and taxes are limited under the charter.

Harford County and Anne Arundel County advise that the bill will not impact their finances. Talbot County advises that its revenue will be significantly reduced by an indeterminate amount.

Montgomery County’s Estimated Losses (\$ in millions)

	<u>Fiscal 2000</u>	<u>Fiscal 2001</u>	<u>Fiscal 2002</u>	<u>Fiscal 2003</u>	<u>Fiscal 2004</u>
Hotel, telephone, and admissions taxes	(.42)				
Income, hotel, telephone, and admissions*		(1.9)	(4.9)	(4.4)	(5.4)
Total Decrease in Revenues	(.42)	(1.9)	(4.9)	(4.4)	(5.4)

(*) This loss incorporates the continuing hotel, telephone, and admissions tax revenue loss, in addition to the income tax loss due to the bill.

Information Source(s): Department of Assessments and Taxation, Prince George’s

County, Howard County, Wicomico County, Montgomery County, Harford County,
Baltimore County, Talbot County, Anne Arundel County

Fiscal Note History: First Reader - February 22, 1999

ncs/jr

Analysis by: Joanna Rooney

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 946-5510

(301) 970-5510