

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

House Bill 341 (Prince George's County Delegation)

Ways and Means

Prince George's County - Property Tax Credit - Owner-Occupants of Town Houses
PG 411-99

This bill allows Prince George's County to grant a property tax credit against county real property taxes imposed on town houses that are attached to three or more town houses in a row, have access from the front and rear, and are occupied by the owner on or after October 1, 1999.

Fiscal Summary

State Effect: None. The bill does not affect State finances.

Local Effect: Prince George's County revenues could decrease significantly depending on the tax credit set by the county. Expenditures would not be affected.

Small Business Effect: Minimal. Small businesses operating out of town houses eligible for the property tax credit would have a reduction in costs.

Fiscal Analysis

Local Revenues: Those purchasing town houses on or after October 1, 1999 will receive their first tax bill July 1, 2000. The revenues from these bills are reflected in the county's fiscal 2001 revenues. Therefore, any credit granted to these new town house owners will not affect fiscal 2000 revenues. Prince George's County advises that the average turnover for homes is once every seven years, or about 14% each year. Thus, roughly 8,400 town houses out of the existing 60,000 town houses would be sold each year. A credit of \$500 would result in a revenue loss of \$4.2 million for a full fiscal year. However, fiscal 2001 revenues only reflect three-fourths of the full fiscal year loss, or \$3.2 million, because October 1, 1999

is one-fourth through the fiscal year. In future fiscal years, the loss would be an additional \$4.2 million each year until it levels off at \$30.0 million after seven years. **Exhibit 1** shows the future year revenue losses for Prince George's County.

Exhibit 1
(\$ in millions)

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
County Revenue Effect	\$0.0	(\$3.2)	(\$7.5)	(\$11.8)	(\$16.0)	(\$20.4)

Information Source(s): Prince George's County

Fiscal Note History: First Reader - February 23, 1999

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