

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

House Bill 521 (Delegate Bozman. *et al.*)

Ways and Means

Property Tax - Credit for Conservation Lands

This bill authorizes local governments to grant, by law, a real property tax credit against the county or municipal corporation property tax for property that is subject to a perpetual conservation easement donated to the Maryland Environmental Trust (MET) on or after July 1, 1991.

It is the discretion of each jurisdiction to determine the amount, duration, and provisions of the tax credit.

The bill is effective July 1, 1999.

Fiscal Summary

State Effect: None.

Local Effect: Potential significant loss in revenues. Expenditures would not be affected.

Small Business Effect: Potential minimal.

Fiscal Analysis

Background: Under current law, the State grants a 100% property tax credit for conservation property that is unimproved, not used for commercial purposes, and is subject to a perpetual conservation easement that is donated to the Maryland Environmental Trust.

In addition, the counties may grant a property tax credit against the county or municipal corporation property tax imposed on conservation land or property owned by a land trust that is certified by the Maryland Environmental Trust.

Local Effect: The number of easements that may qualify for the property tax exemption under the provisions of this bill cannot be determined at this time. However, for illustrative purposes, an estimated 458 easements covering about 65,000 acres would have qualified for the property tax exemption in fiscal 1999. An additional 51 easements are expected to qualify in fiscal 2000. According to the Department of Natural Resources, the per acre assessed value of these easements was about \$4,000 to \$5,000 in fiscal 1999. Assuming an average statewide property tax rate of \$2.40 per \$100 assessed value for all counties and all counties grant this property tax credit, local revenues could decrease by \$624,000 to \$780,000 in fiscal 2000. The assessed value of the entire 65,000 acres is an estimated \$260 million to \$325 million.

Anne Arundel County, Harford County, and Montgomery County advise that they are granting the property tax credit provided for under current law. County revenues could decrease to the extent that they grant this property tax credit. Any decrease in revenues would depend on the amount of eligible property, the amount and duration of the property tax credit, the assessed value of the property, and the counties' property tax rates.

Information Source(s): Department of Assessments and Taxation, Prince George's County, Maryland Department of Natural Resources, Baltimore City

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