

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

Senate Bill 161 (Senator Della)

Budget and Taxation

Property Tax - Baltimore City - Repeal of Property Tax Exemption

This bill repeals the property tax exemption for businesses located in Baltimore City's urban renewal area.

The bill is effective July 1, 1999.

Fiscal Summary

State Effect: None. The bill would only affect local finances.

Local Effect: Baltimore City revenues could increase by about \$350,000 in FY 2000. Expenditures would not be affected.

Small Business Effect: None.

Fiscal Analysis

Background: Chapter 403 of 1996 authorized Baltimore City and the developer of a project in an "urban renewal area" to negotiate a tax exemption and a payment in lieu of Baltimore City property taxes. To qualify, the property had to be: (1) under a development plan; (2) located in an urban renewal area; and (3) owned by a person who was engaged in constructing and operating housing structures or projects, who invested a minimum of \$50 million of private capital in the development, and who demonstrated the financial necessity for an agreement.

Under this Act, Baltimore City entered into a Limited PILOT Agreement and Tax Payment Agreement with The Harborview Limited Partnership for fiscal 1996 and 1997, as well as a

Limited PILOT Agreement for fiscal 1998, 1999, and 2000. The net subsidy is limited to \$500,000 for fiscal 1996 and 1997 and \$350,000 for fiscal 1998, 1999, and 2000. Full taxes applied only to taxes due on unsold residential units.

The Harborview Project consists of about 42.6 acres along the south side of the Baltimore Inner Harbor and currently includes a 250 slip marina and a 21,000 square foot dock house and restaurant building as well as a considerable amount of undeveloped property. It is owned by seven partnerships.

Local Effect: In fiscal 2000 it is estimated that Harborview's total property tax bill will equal \$1.2 million, which would be reduced by \$350,000 pursuant to the PILOT Agreement. Repealing current law would result in an increase of \$350,000 in Baltimore City's property tax revenues in fiscal 2000.

Information Source(s): Baltimore City, Department of Assessments and Taxation

Fiscal Note History: First Reader - March 16, 1999

ncs/jr

Analysis by: Joanna Rooney

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 946-5510

(301) 970-5510