

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE
Revised

House Bill 1212 (Frederick County Delegation)

Ways and Means

Frederick County - Property Tax Setoffs in Municipal Corporations

This bill requires Frederick County to grant a property tax setoff when municipal corporations provide services in place of the county. The value of the setoff can either be equal to: (1) the difference between the general county property tax rate and the property tax rate that is set for assessments of property in a municipal corporation; or (2) a payment to a municipal corporation to aid the municipal corporation in funding services or programs that are similar to county services or programs.

The bill is effective July 1, 1999.

Fiscal Summary

State Effect: None.

Local Effect: Potential increase in Frederick County expenditures, with a corresponding increase in municipal revenues. **This bill imposes a mandate on a local government unit.**

Small Business Effect: None.

Fiscal Analysis

Background: Under current law, the counties that are required to grant a property tax setoff to municipalities are Allegany, Anne Arundel, Garrett, Harford, Howard, Montgomery, and Prince George's.

There are 11 municipalities located entirely in Frederick County. Under current law, the county is required to meet annually with each municipality to discuss the county tax rate within the municipality's boundaries. Frederick County may, but is not required to, establish

a property tax setoff.

Local Effect: Frederick County advises that it is currently granting a property tax setoff to municipal corporations that provide services and programs in place of the county by means of direct payments. Therefore, requiring Frederick County to grant a tax setoff to the municipal corporations would have minimal or no effect on the county's expenditures. **Exhibit 1** presents the payments to Frederick County's municipalities in the county's fiscal 1999 budget, the proposed payments in the county's fiscal 2000 budget, and the change in payments between the two fiscal years. To the extent that Frederick County elects not to grant tax setoffs to municipalities in future years absent this bill, Frederick County expenditures would increase due to the bill's provisions.

Exhibit 1
Frederick County, Maryland
Tax Equity Program

<u>Municipality</u>	<u>FY 2000</u>	<u>FY 1999</u>	<u>Change</u>	<u>% Change</u>
Brunswick	\$134,015	\$134,015	\$0	0.00%
Burkittsville	728	728	0	0.00%
Emmitsburg	51,614	51,614	0	0.00%
Frederick City	1,195,766	1,195,766	0	0.00%
Middletown	56,957	55,884	1,073	1.92%
Mt. Airy	66,899	66,899	0	0.00%
Myersville	3,640	3,451	189	5.48%
New Market	1,252	1,252	0	0.00%
Thurmont	118,407	118,407	0	0.00%
Walkersville	116,840	116,038	801	0.69%
Woodsboro	3,361	3,278	83	2.54%
Total	\$1,749,479	\$1,747,331	\$2,148	0.12%

Numbers may not total due to rounding.

Information Source(s): Frederick County, Department of Assessments and Taxation

Fiscal Note History: First Reader - March 19, 1999
mld/hlb Revised - House Third Reader - March 30, 1999

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