

Department of Legislative Services  
Maryland General Assembly  
1999 Session

FISCAL NOTE  
Revised

Senate Bill 395 (Senators Ruben and Hogan)

Budget and Taxation

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**Property Tax Credit - Vacant or Underutilized Commercial Buildings**

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This bill allows a county or municipality to grant a partial or full corporation property tax credit for a vacant or underutilized building if the building was built primarily for commercial purposes, was last used for commercial purposes, and has been renovated to be used primarily as housing.

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**Fiscal Summary**

**State Effect:** None. The bill does not affect the State property tax rate.

**Local Effect:** Potential indeterminate decrease in county and municipality real property tax revenues.

**Small Business Effect:** Potential minimal. The benefit for small businesses depends on the degree of their participation in the program and the small number of these properties, but it is assumed to be minimal.

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**Fiscal Analysis**

**Local Revenues:** The magnitude of any decrease in property tax revenues depends on the extent to which the counties and municipalities decide to grant this credit and the number of buildings that would qualify. Accordingly, the bill's effect on revenues cannot be reliably estimated at this time. However, for illustrative purposes, the Town of Indian Head advises that there are approximately 10 major commercial properties with an approximate assessment value of \$1.4 million that could qualify for this credit. If the town decided to grant this credit, it could decrease the town's revenues by \$9,689. On the other hand, Baltimore City advises that this bill would not affect its revenues because the vast majority of the

commercial buildings that would be potentially converted to housing would already be covered by Chapter 615 of 1998, which provided an exemption from county property taxes imposed on vacant and underutilized commercial buildings under a development plan. Prince George's County and Montgomery County advise that if they decide to grant this credit, they could experience a minimal revenue loss.

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**Information Source(s):** Allegany County, The Town of Indian Head, Montgomery County, Prince George's County, Baltimore City, City of Frederick, Talbot County

**Fiscal Note History:** First Reader - February 15, 1999  
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