

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

House Bill 1096 (Delegate Schisler. *et al.*)

Ways and Means

**Talbot County - Property Tax Credit - Real Property Owned or Occupied by
County Businesses**

This bill authorizes Talbot County to grant, by law, a property tax credit against the county property tax imposed on: (1) real property that is owned or occupied by a commercial or industrial business that currently is or will be doing business in Talbot County; and (2) new construction or a substantial improvement to the real property.

Talbot County may set, by law, the amount, terms, scope, and duration of the credit granted.

The bill is effective July 1, 1999.

Fiscal Summary

State Effect: Potential indeterminate revenue increase and expenditure decrease.

Local Effect: Indeterminate effect on Talbot County's finances.

Small Business Effect: Potential minimal.

Fiscal Analysis

State Effect: To the extent that new development and employment is generated due to the property tax credit, general fund revenues could increase through increased income and sales tax collections. The revenue increase, if any, cannot be reliably estimated at this time but is assumed to be minimal. In addition, general fund expenditures on certain assistance programs decrease by a minimal amount.

Local Effect: The specific effect on Talbot County's finances cannot be reliably estimated at this time. However, for illustrative purposes, Talbot County advises that there is one

known company that would be affected by this bill. In preparation for the bill's enactment, Talbot County has developed criteria for the property tax exemption. The criteria are: (1) the number of jobs of created must be at least 50 full-time jobs within two years; (2) wages must be two times the Federal Minimum Wage; and (3) the assessed value of the property must be \$500,000 or more. Talbot County estimates that the company would qualify and receive a property tax credit equal to \$388,000 over a ten-year period. The company plans to expand from 10,000 square feet and 40 employees, to 60,000 square feet and 300 employees over the next three to five years. Talbot County estimates that the revenues generated by the gains in employment and increased economic activity will increase county revenues by \$602,100 over the next ten years.

Combining the effects of the property tax credit and the expected revenues generated from the expansion results in a net county revenue increase of \$214,100 over the next ten years. Further revenue losses or gains would fluctuate depending on the number of new business expansions that occur as a result of this bill, Talbot County's property tax rates, and the property assessments of the expanded properties.

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

Fiscal Note History: First Reader - March 15, 1999
ncs/jr

Analysis by: Joanna Rooney

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 946-5510
(301) 970-5510