

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

Senate Bill 16 (Senator Lawlah)

Budget and Taxation

Prince George's County - Property Tax Credit for Prince George's County Public School Teachers

This bill authorizes Prince George's County to grant a property tax credit on residential real property owned and occupied by classroom instructors in the Prince George's County Public School System. This bill takes effect June 1, 1999 and applies to all taxable years beginning on or after July 1, 1999 (fiscal 2000).

Fiscal Summary

State Effect: None.

Local Effect: Assuming the county grants a 100% tax credit, Prince George's County revenues could decrease by a maximum of \$5.4 million in FY 2000. Future year revenues could decrease by a maximum of \$6.4 million by FY 2004. Local expenditures would not be affected.

Small Business Effect: None.

Fiscal Analysis

Local Revenues: There were 7,200 classroom teachers employed in the Prince George's County Public School System as of October 1997. Approximately 78% of residential properties in Prince George's County are owner-occupied. In fiscal 1999 Prince George's County imposed a property tax rate of \$2.414 per \$100 of assessed value. The median home price in the county totals \$125,600. Assuming that 75% of the classroom teachers employed by the Prince George's County Public School System reside within the county and Prince George's County grants a 100% tax credit, county revenues could decrease by \$5.4 million

in fiscal 2000. The actual impact on county revenues would depend on the amount and duration of the property tax credit, both of which would be determined by the county's governing body. The following table shows the projected fiscal impact under various scenarios.

Potential Fiscal 2000 Impact

	25% Credit	50% Credit	75% Credit	100% Credit
Revenue Loss	\$1.3 million	\$2.7 million	\$4.0 million	\$5.4 million

These projections are based on the following assumptions:

- 3% annual increase in county teaching positions;
- constant property tax rate; and
- 2% increase in median home price.

Information Source(s): Prince George's County, Department of Assessments and Taxation, Department of Legislative Services

Fiscal Note History: First Reader - February 1, 1999
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