

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE
Revised

House Bill 671 (Delegate Turner. *et al.*)

Ways and Means

Property Tax Credit - Community Associations

This bill authorizes the counties, Baltimore City, and any municipal corporation to grant a property tax credit against the county or municipal property taxes imposed on personal property of community associations valued at \$8,000 or less. The association must have been in existence at the beginning of the taxable year and be in good standing if incorporated in Maryland.

The bill is effective July 1, 2000.

Fiscal Summary

State Effect: None. The State does not tax personal property.

Local Effect: Potential minimal decrease in property tax revenues, if granted by a local government.

Small Business Effect: Potential minimal for community associations only.

Analysis

Bill Summary: An eligible community association must meet one of two definitions. First, a community association means a neighborhood organization that: (1) is comprised of at least 25 households or 25% of the households of a local neighborhood consisting of 40 or more individual households, whichever is less; (2) is exempt from taxation under section 501(c)(3) or (4) of the Internal Revenue Code; (3) requires as a condition of membership the payment of dues or membership fees at least annually; and (4) is organized and operated for at least one of the following reasons: (a) relief of neighborhood tensions; (b) prevention of

community deterioration; (c) relief to the poor, underprivileged, or distressed; (d) preservation of historic areas; (e) community revitalization; (f) or the promotion of the common good and welfare of the people of the community. The second type of community association may be an umbrella organization that: (1) consists of coalitions of several neighborhoods that meet the first definition; and (2) addresses issues that affect broad areas where it is organized.

Current Law: The personal property of community associations are subject to property tax.

Background: Most personal property is subject to county and potentially municipal property taxes. However, the State does have the authority to provide local property tax credits, either on a mandatory or enabling basis.

Local Revenues: Local government property tax revenues could decrease depending on whether the government chooses to grant the credit, and the duration and amount of the credit granted. The Department of Legislative Services does not have any information at this time on the value of personal property owned by community associations that would meet the criteria of the bill. However, it is assumed that the related tax revenues would be minimal in relation to total personal property tax revenues.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Assessments and Taxation, Anne Arundel County, Baltimore City, Department of Legislative Services

Fiscal Note History: First Reader - March 6, 2000
cm/jr Revised - House Third Reader - March 21, 2000

Analysis by: Karen S. Benton

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