

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

House Bill 1041 (Delegate Marriott)

Ways and Means

Baltimore City - Property Tax Credit - Community Associations

This bill authorizes Baltimore City to grant a property tax credit against the city property taxes imposed on a community association's personal property 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 bill provides a Baltimore City property tax credit only.

Local Effect: Property tax revenues for Baltimore City could decrease by a maximum of \$375,000 annually if a 100% credit is granted.

Small Business Effect: Potential minimal for community associations in Baltimore City 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; or (e) community revitalization. The second type of community association may be an umbrella organization that: (1) consists of coalitions of several neighborhoods; and (2) addresses issues that affect broad areas of the city.

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.

Currently, there are 800 community associations located in Baltimore City. It is unknown how many of the 800 would meet one of the two definitions of community association in the bill. Baltimore City's fiscal 1999 personal property tax revenues totaled \$7,890,055.

Local Revenues: Baltimore City's property tax revenues could decrease depending on whether the government chooses to grant the credit, and on the duration and amount of the credit granted. If all 800 community associations in the city were granted a 100% tax credit and all 800 had personal property valued at \$8,000, the city's property taxes would decrease by \$374,400 annually.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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cm/jr

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