

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE
Revised

Senate Bill 852 (Senator Middleton)

Budget and Taxation

Charles County - Assessment of Planned Development Land in Priority Funding Area

This bill provides that land in Charles County that has been designated as planned development land for property tax purposes may not be assessed under the land use value method if the area is also designated as a priority funding area and is served by the Mattawoman Wastewater Treatment Plant. Charles County must use any increase in revenues to enhance the quality of life within the St. Charles Community.

Fiscal Summary

State Effect: Annuity Bond Fund revenues would increase by approximately \$25,000 annually with a corresponding decrease in general fund expenditures.

Local Effect: Charles County property tax revenues would increase by approximately \$290,000 annually with an equal increase in expenditures.

Small Business Effect: Potential minimal.

Analysis

Current Law: Land that is designated as a planned development area is assessed for property tax purposes in the same manner as farm or agricultural land (land use value method). In order to be considered as a planned development area, the land must: (1) be designated for planned development by a plan adopted by the county or municipal corporation which has planning and zoning jurisdiction over the land; (2) be zoned in a classification that permits development only under the approved plan, requires a land use and comprehensive site development plan approved by the local government, and requires the

owner of the land to pay for or provide certain public use facilities usually provided by the local government (e.g., streets and roads); (3) be contiguous tracts of land of not less than 500 acres; and (4) be primarily underdeveloped at the time of the zoning classification.

Background: Farm or agricultural land is assessed according to its use, not according to fair market value. The General Assembly intended that the assessment of farmland be maintained at levels compatible with the continued use of the land for farming and not be affected adversely by neighboring land uses of a more intensive nature. The actual value assigned to an acre of farmland averages about \$300 statewide and the assessment is 50% of that amount. Therefore, the average statewide assessment of an acre of farmland in Maryland is \$150.

There are currently 19 accounts comprising about 1,315 acres of land in Charles County that would be affected by the bill. The existing assessment of these properties under land use valuation is \$262,969. Eliminating the land use assessment would increase the assessment to approximately \$12,509,587. The State real property tax rate is \$.21 per \$100 of assessed value. All State property tax revenues are credited to the Annuity Bond Fund, dedicated exclusively to paying the debt service on State general obligation bonds. The Charles County property tax rate is \$2.49 per \$100 of assessed value.

State Fiscal Effect: Annuity Bond Fund revenues would increase by \$24,674 annually, which is the difference between the \$1,596 current tax and the estimated \$26,270 tax based on the increased assessment. State general fund expenditures will decrease in an amount equal to the increase in the Annuity Bond Fund revenues.

Local Fiscal Effect: Charles County property tax revenues would increase by \$292,567 annually which is the difference between the \$18,922 current tax and the estimated \$311,489 tax based on the increased assessment. The actual increase in revenues in future years will depend on the difference between the land use assessment and the full market value assessment as well as the applicable tax rate. Expenditures could increase by an equal amount as the county would be required to expend the revenue increase on programs to enhance the quality of life within the St. Charles Community.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Assessments and Taxation, Charles County, Department of Legislative Services

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