

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE
Revised

Senate Bill 893 (Senator Middleton)

Economic and Environmental Affairs Ref. to Commerce & Government Matters

Charles County - Subdivision - Reservation of Land

This bill provides that local regulations governing the subdivision of land in Charles County may provide for the reservation of land for traffic, recreation, or other public purposes. The regulations must provide for public notice and an opportunity for a public hearing before a property may be reserved. A reservation of land may not continue for longer than three years without the written approval of all persons having any legal or equitable interest in the property. A property reserved for public use by the Charles County Planning Commission is exempt from property taxes. The planning commission must notify the Charles County Supervisor of Assessments when it reserves land or releases it from reservation. The property tax exemption is effective beginning with the first taxable year after the supervisor receives notice of the reservation and terminates the first taxable year after the supervisor receives notice of the release of the reservation. The bill also clarifies provisions of current law relating to regulations governing the subdivision of land within a local planning commission's jurisdiction.

Fiscal Summary

State Effect: Potential decrease in Annuity Bond Fund revenues with a corresponding increase in general fund expenditures. Potential decrease in State expenditures related to the acquisition of reserved property.

Local Effect: Potential decrease in local property tax revenues. Potential decrease in local expenditures related to the acquisition of reserved property.

Small Business Effect: Potential meaningful.

Analysis

Current Law: Property becomes tax exempt when the State or a county acquires rights-of-way for roads or when recreation areas are dedicated in a recorded subdivision plat.

Background: The ability to reserve land generally allows a county to place a temporary hold on improvements to privately-owned property so that if reserved land is acquired, the acquisition price is lower than it would have been if improvements to the property had been made. Although the property owner could be prohibited from improving the property while it is reserved, the owner would be exempt from property taxes on the property during that time. 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: Because reserved land would be exempt from the State real property tax, Annuity Bond Fund revenues would decrease to the extent that land in Charles County is reserved as a result of the bill. State general fund expenditures would increase in an amount equal to the decrease in Annuity Bond Fund revenues. If the reservation of land prevents improvements to property that otherwise would have been made, the bill will result in a decrease in State expenditures for any acquisitions of reserved property. Because any State effect will depend on the extent to which land is reserved, the value of that land, and the extent to which the State acquires affected land, a reliable estimate of the impact on State finances cannot be made at this time.

Local Fiscal Effect: Local property tax revenues in Charles County would decrease to the extent that land is reserved pursuant to the bill. If the reservation of land prevents improvements to property that otherwise would have been made, the bill will result in a decrease in local expenditures for acquisitions of reserved property. The actual impact on Charles County and municipalities in that county will depend on the extent to which land is reserved, the value of that land, and the extent to which affected properties are acquired by local jurisdictions. Accordingly, any impact cannot be reliably estimated at this time. It is assumed that local planning commissions in Charles County could provide public notice and hold any public hearings using existing resources. The Charles County Planning Commission could notify the Supervisor of Assessments using existing resources.

Small Business Effect: To the extent that a small business owns property in Charles County that is reserved as a result of the bill, the bill could have a meaningful impact on owners of affected property. If owners of reserved property are prohibited from making improvements to that property while it is reserved, expenditures for any planned improvements would decrease; however, any benefit that would result from such improvements would be forfeited. In return, the property would be exempt from property taxes. The impact on small business will depend largely on the extent to which land is reserved and cannot be reliably estimated at

this time.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 12, 2000
cm/jr Revised - Senate Third Reader - March 22, 2000

Analysis by: Lesley Frymier

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