

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE
Revised

Senate Bill 474 (Senator Colburn)

Budget and Taxation

Property Tax - Talbot County - Personal Property

This bill authorizes Talbot County or its municipalities to grant a property tax credit against the local corporation property tax on personal property. The county or municipalities may, by law, set the amount, terms, scope, and duration of the credit, as well as designate subclasses of personal property to which a credit applies, provide for any restrictions or conditions considered desirable for granting a credit, and adopt any other provisions necessary to administer such a credit.

This bill is effective July 1, 2000.

Fiscal Summary

State Effect: None. This bill does not provide a State property tax grant.

Local Effect: The property tax revenue loss for Talbot County municipalities could be a maximum of approximately \$1 million annually, if the municipalities grant a 100% credit. No effect on Talbot County as it does not tax corporate personal property.

Small Business Effect: Potential meaningful.

Analysis

Current Law: Generally, corporations are subject to personal property taxes; however, Talbot County does not tax personal property. The municipalities in Talbot County tax personal property at the following rates:

<u>Municipality</u>	<u>Tax Rate</u>
Easton	\$1.00

Oxford	\$0.53
Queen Anne's	\$0.45
St. Michaels	\$0.90 (railroad/utility) and \$0.45 (all other)
Trappe	\$0.54

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

Local Revenues: Assuming that the municipalities grant a full personal property tax credit, the loss in revenues would be as follows:

<u>Municipality</u>	<u>Personal Property Assessable Base</u>	<u>Potential Maximum Tax Decrease</u>
Easton	\$97,914,950	\$979,150
Oxford	1,086,810	5,760
Queen Anne's*	627,940	2,825
St. Michaels	2,423,530 (railroad/utility)	21,810
	6,078,940 (all other)	27,350
Trappe	<u>1,882,980</u>	<u>10,170</u>
Total	\$103,636,210	\$1,047,065

*Queen Anne's is split between Talbot and Queen Anne's counties. It is not clear if this bill would apply to all of the municipal's personal property or if it would only apply to the property in the Talbot County portion of the town. The numbers above are for the entire town.

Note that this is enabling legislation and the municipality may not grant a 100% credit. The Town of Easton has indicated that it believes this bill will result in better growth of the town's real property assessable base through economic development and will more than offset the credit.

Small Business Effect: If the municipalities grant a full personal property tax credit, this could meaningfully impact any small businesses located within the municipal boundaries.

Additional Information

Prior Introductions: None.

Cross File: HB 346 (Delegates Schisler and Eckardt) - Ways and Means.

Information Source(s): Department of Assessments and Taxation, Town of Easton,
Department of Legislative Services

Fiscal Note History: First Reader - February 14, 2000
drg/jr Revised - Senate Third Reader - March 23, 2000

Analysis by: Karen S. Benton

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