

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE
Revised

House Bill 567 (Charles County Delegation)

Ways and Means

Charles County - Property Tax Credits

This bill authorizes Charles County to grant a county property tax credit to new businesses locating in the county for machinery and equipment used in manufacturing products for sale or for new facilities in the generation of electricity. The county and municipal corporations may also grant a county and municipal property tax credit on any property owned by a new or expanding business that creates ten or more full-time jobs in an industry targeted by the Charles County Economic Development Commission. The tax credit may not be granted for more than ten years.

The bill is effective June 1, 2000.

Fiscal Summary

State Effect: None. This bill does not provide a State property tax exemption or credit.

Local Effect: Potentially significant revenue loss for Charles County and the municipal corporations in Charles County. To the extent the bill spurs new employment and economic development, local revenues would increase.

Small Business Effect: Potential meaningful.

Analysis

Current Law: Tax-Property Article Section 7-225 already exempts machinery and equipment of manufacturing companies from State and local property taxation except in five counties (Allegany, Garrett, Somerset, Wicomico, and Worcester counties) where this property is 100% taxable. Section 7-237 provides for a 25% exemption from county and

municipal personal property taxes for machinery and equipment used to generate electricity for sale beginning in fiscal 2000 and increasing to 50% in fiscal 2001.

Local Revenues: Charles County and its municipal corporations' revenues could decrease minimally as a result of the bill. Personal property of manufacturing companies is already exempt from taxation, so there would be no revenue loss as a result of that provision. For those qualified business expansions, either in the generation of electricity or for businesses targeted by the Charles County Economic Development Commission, that would have occurred in the absence of this bill, local revenues will decrease. The extent of the decrease will depend on the number of businesses that are granted a credit, the value of the eligible property, and the applicable tax rates but could be significant. If this bill spurs new economic development and employment, local revenues, including property taxes, could increase.

Small Business Effect: The tax credits granted to expanding businesses in Charles County and its municipalities could meaningfully impact small businesses. Any such credits would be at the discretion of the local governing bodies.

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 - February 18, 2000
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