

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE
Revised

House Bill 1003
Ways and Means

(Charles County Delegation)

Budget and Taxation

**Charles County - Property Tax Credit - Renovated or Rehabilitated Business
Property**

This bill authorizes Charles County to grant a real property tax credit on business real property located in a priority funding area that has been renovated or rehabilitated. The credit is limited to the increase in assessed value as a result of the renovation or rehabilitation and is limited to five years.

The bill is effective June 1, 2002 and applicable to tax years beginning on or after June 30, 2002.

Fiscal Summary

State Effect: None. The bill does not provide a State property tax credit.

Local Effect: Potential minimal decrease in property tax revenue in Charles County.

Small Business Effect: Potential minimal.

Analysis

Current Law: Real property is generally subject to State, county, and municipal property taxes. The Charles County property tax rate is \$1.016 per \$100 of assessed value.

Background: At the 1997 session, the General Assembly passed the Smart Growth legislation that targets State funding for certain transportation, economic development,

housing, community development, environmental, and procurement projects to designated priority funding areas. The Smart Growth legislation established certain areas as priority funding areas and allowed counties to designate additional areas if they meet specified requirements for use, water and sewer service, and residential density. The Charles County priority funding area encompasses approximately 18% of the county and is located in the northwest section of the county. There are approximately 780 properties located in the priority funding area with an assessable base of approximately \$84 million.

Local Fiscal Effect: Charles County could potentially experience a loss in property tax revenues. However, it is anticipated that any such loss would be minimal. The county would only experience a loss to the extent that properties would have been rehabilitated without a property tax credit as incentive. The actual revenue loss depends on the number of properties rehabilitated, the increase in the property assessment, and the amount of credit provided.

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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Analysis by: Karen S. Benton

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