

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

House Bill 829
Ways and Means

(Allegany County Delegation)

Budget and Taxation

Allegany County and City of Cumberland - Property Tax Credit - New Construction

This bill authorizes Allegany County and the City of Cumberland to provide a property tax credit on property that is new construction. The county and city are to adopt regulations related to the credit.

The bill is effective June 1, 2003 and applicable to tax years beginning after June 30, 2003.

Fiscal Summary

State Effect: None. The bill would affect local government operations only.

Local Effect: Allegany County property tax revenues could decrease by \$150,000 annually and the City of Cumberland property tax revenues could decrease by \$20,000 annually beginning in FY 2004.

Small Business Effect: Potential minimal.

Analysis

Current Law: Real and business personal property is generally subject to county and municipal property taxes. The Allegany County real property tax rate is \$.9838 per \$100 of assessed value and the City of Cumberland real property tax rate is \$.872 per \$100 of assessed value.

Background: The following assessable base amounts were added as new construction in Allegany County and the City of Cumberland during fiscal 2002 and 2003.

	<u>FY 2002</u>	<u>FY 2003</u>
Allegany County	\$19,177,931	\$25,763,640
City of Cumberland	\$ 2,105,530	\$ 5,364,631

Local Revenues: It is anticipated that in fiscal 2004 and 2005 approximately \$15 million in new construction assessable base will be added in Allegany County. Based on this estimate, if Allegany County were to grant a 100% property tax credit on all new construction, its property tax revenues would decrease by \$147,600 annually beginning in fiscal 2004. Assuming that the City of Cumberland has approximately 15% of the new construction of the county, and the city were to grant a 100% property tax credit for all new construction, then city property tax revenues would decrease by \$20,000 annually beginning in fiscal 2004.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Assessments and Taxation, Allegany County, City of Cumberland, Department of Legislative Services

Fiscal Note History: First Reader - February 24, 2003
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