

Department of Legislative Services
 Maryland General Assembly
 2004 Session

FISCAL AND POLICY NOTE

House Bill 1292 (Delegate Bobo)
 Ways and Means

Property Tax - Planned Development Land

This bill provides that a planned development land assessment is available to qualified land for a period of no more than 20 consecutive years.

The bill takes effect June 1, 2004 and applies to all taxable years beginning after June 30, 2004.

Fiscal Summary

State Effect: Special fund revenues would increase by approximately \$21,200 annually beginning in FY 2005 as a result of the land assessment changes proposed by the bill.

(in dollars)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
SF Revenue	\$21,200	\$21,200	\$21,200	\$21,200	\$21,200
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	\$21,200	\$21,200	\$21,200	\$21,200	\$21,200

Note :() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: Local government revenues could increase by approximately \$169,700 annually beginning in FY 2005.

Small Business Effect: Potential meaningful. Builders and developers who own land receiving a planned development land assessment would be required to pay higher property taxes.

Analysis

Current Law: There is no limitation on how long qualified land may receive a planned development land assessment.

Land qualified to receive a planned development land assessment must:

- be located in an area shown on a current master plan or a general or regional plan, or otherwise designated for planned development by a plan adopted by the county or municipal corporation that has planning or zoning jurisdiction over the land;
- be zoned in a classification that: (1) permits development only under the plans listed above; (2) requires a land use and comprehensive site development or subdivision plan, approved before development by the county or municipal corporation that has planning or zoning jurisdiction over the land, if those plans include: land use; utility requirements; highway needs; water and sewers; industrial uses; economic and job opportunities; and recreation and civic life; (3) requires the owner of the land to pay for or provide the following public facilities that are usually paid for or provided by a county or municipal corporation under other zoning classifications: streets and sidewalks; walkways; open spaces; parks; school sites; and other property needed for public use;
- except for intervening rights-of-way, easements, or grants for public or quasi-public uses, be contiguous tracts of land of not less than 500 acres owned by one or more persons; and
- be primarily undeveloped at the time the land is placed in the zoning classification.

The State Department of Assessments and Taxation (SDAT) is required to place a dual assessment, a preferential assessment, and a market assessment on all planned unit development land.

State Fiscal Effect: State special fund revenues would increase by approximately \$21,200 annually, beginning in fiscal 2005, as a result of the land assessment changes proposed by the bill.

There are currently six properties in four counties that are receiving planned unit development (PUD) assessments that could be affected by the bill because they have been receiving a planned development land assessment for over 20 years:

- Charles County – *St. Charles PUD*
- Frederick County – *Lake Linganore PUD*

- Frederick County – *Urbana PUD*
- Howard County – *Oakland Ridge PUD*
- Howard County – *Howard Research and Development PUD*
- St. Mary’s County – *California PUD*

Existing PUDs in Prince George’s and Montgomery counties would not be affected by this bill since they were created in the 1990s or later. After 20 years of receiving a planned development land assessment, these properties would be assessed at market value.

Exhibit 1 shows the increase in State and local property tax revenues resulting from the assessment limitation imposed by the bill.

Exhibit 1
Property Assessment Changes and Resulting Revenue Increase

	<u>PUD Assessment</u>	<u>Market Value Assessment</u>	<u>State Revenue Increase</u>	<u>Local Revenue Increase</u>
St. Charles PUD	n/a	n/a	\$0	\$0
Lake Linganore PUD	n/a	n/a	0	0
Urbana PUD	\$212,724	\$4,254,496	5,335	40,418
Oakland Ridge PUD	8,400	716,200	934	8,278
Howard Research and Development PUD	63,490	7,097,200	9,284	82,259
California PUD	94,400	4,366,740	<u>5,639</u>	<u>38,793</u>
Total			\$21,192	\$169,748

n/a – Land assessment would not change under the bill. The Charles County PUD would not change in value. In Frederick County, the remaining land in Lake Linganore is either unusable or designated open space.

Local Fiscal Effect: Local government property tax revenue increase of approximately \$169,700 annually beginning in fiscal 2005 as shown in Exhibit 1.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 2, 2004
mh/hlb

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