

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

House Bill 588 (Prince George's County Delegation)
Ways and Means

University System of Maryland - City of College Park - Payments in Lieu of Taxes
PG 330-04

This bill requires the University System of Maryland (USM) to make annual payments in lieu of taxes to the City of College Park for any property USM purchases that was subject to the property tax on January 1, 2004.

The required payments are the product of the applicable municipal real property tax rate and the full assessed value of real and personal property. The required payments are subject to the terms and conditions, if any, as may be provided by an agreement between USM and the City of College Park.

Fiscal Summary

State Effect: Increase in higher education expenditures to the extent USM purchases property within the city limits. The amount of the increase depends on the amount of property and the value of the property purchased.

Local Effect: Revenue increase for the City of College Park to the extent USM purchases additional property within the city limits. The amount of the increase depends on the amount of property and the value of the property purchased.

Small Business Effect: None.

Analysis

Current Law: Government owned property is exempt from local property taxes, except under specified circumstances. The Maryland Port Administration is required to make payments in lieu of taxes for specified properties in and around the Port of Baltimore.

Background: USM owns property in and around the City of College Park for the University of Maryland, College Park; the University of Maryland University College; and the system's headquarters. Currently USM owns 17 exempt properties and two taxable properties in the City of College Park. The total assessed value of the exempt properties is \$671,244,240. The two taxable properties are owned by USM but are leased to a for-profit entity. These properties are assessed at \$1,421,000.

State Fiscal Effect: Higher education expenditures could increase as a result of property being purchased by USM in the City of College Park. The amount of any expenditure increase would depend on the number of properties purchased and the assessed value of the property.

The City of College Park real property tax rate is \$0.268 per \$100 of assessed value. As a result, payments would total \$2,680 per \$1.0 million of the assessed value of any property purchased. The tax rolls do not indicate any properties in the City of College Park that have been acquired by USM since January 1, 2004.

Local Fiscal Effect: The City of College Park revenues could increase as a result of property being purchased by USM within the city limits. The amount of any revenue increase would depend on the number of properties purchased and the assessed value of the property. The real property tax rate in the City of College Park is \$0.268 per \$100 of assessed value. As a result, revenues would total \$2,680 per \$1.0 million of the assessed value of any property purchased.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Assessments and Taxation, City of College Park, University System of Maryland, Department of Legislative Services

Fiscal Note History: First Reader - February 20, 2004
lc/hlb

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