

Department of Legislative Services  
 Maryland General Assembly  
 2005 Session

FISCAL AND POLICY NOTE

House Bill 1611 (Delegate Rudolph, *et al.*)  
 Ways and Means

Property Tax Exemption - Fire Companies - Cecil County

This bill exempts from State and local taxation property owned by a fire company in Cecil County that is under contractual agreement for the operation of the fire company's fire hall.

The bill takes effect June 1, 2005 and applies to all taxable years beginning after June 30, 2005.

Fiscal Summary

**State Effect:** State special fund revenues could decrease by approximately \$2,900 in FY 2006 and by \$3,400 in FY 2010. State expenditures would not be affected.

(in dollars)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
SF Revenue	(\$2,900)	(\$3,000)	(\$3,100)	(\$3,300)	(\$3,400)
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	(\$2,900)	(\$3,000)	(\$3,100)	(\$3,300)	(\$3,400)

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

**Local Effect:** Cecil County revenues could decrease by \$21,200 and Perryville and Rising Sun revenues could decrease by \$1,900 and \$7,100 respectively in FY 2006. The revenue loss in future years reflects increasing assessments. **This bill imposes a mandate on a unit of local government.**

**Small Business Effect:** Minimal.

## Analysis

**Current Law:** Property is not subject to property tax if the property is owned by an incorporated, nonprofit fire company or rescue squad and is necessary for and actually used exclusively for the purposes of the fire company or rescue squad, including property that: (1) is used for training or fund raising at carnivals or bazaars; (2) is held in an advanced land acquisition program of the fire company or rescue squad; (3) is leased for not more than 60 days during any 12-month period, if the property is used for a purpose that is related to the purposes of the fire company or rescue squad and the rent that is received from the property is used exclusively for the purposes of the fire company or rescue squad; (4) is leased to any nonprofit organization, if the property is used for a purpose that is related to the purposes of the fire company or rescue squad and the rent that is received from the property is used exclusively for the purposes of the fire company or rescue squad; or (5) is used as a residence for an individual who is responsible for taking care of property owned by the fire company or rescue squad, is a member of the fire company or rescue squad, is not an employee of the fire company or rescue squad, and is not under an obligation to pay for the use of the property.

**State Fiscal Effect:** Currently, the Community Fire Companies of Perryville and Rising Sun each own a fire hall that is under contract to a catering company. The catering company controls the fire hall for the length of the contract which exceeds 60 days, as is currently permitted by statute.

The State Department of Assessments and Taxation (SDAT) indicates that the fire hall owned by the Community Fire Company of Perryville has a current assessment of \$190,600, and the fire hall owned by the Community Fire Company of Rising Sun has a current assessment of \$1,972,266. As a result, State special fund revenues could decrease by \$2,855 in fiscal 2006, as shown in **Exhibit 1**.

**Local Fiscal Effect:** Cecil County revenues could decrease by \$21,196 and Perryville and Rising Sun revenues could decrease by \$1,868 and \$7,100 respectively in fiscal 2006, as shown in Exhibit 1. Revenue losses in future years reflect increasing assessments.

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**Exhibit 1**  
**State and Local Revenue Decrease Resulting from HB 1611**

	<u>Tax Rate</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
<i>Perryville Fire Company</i>						
Assessment		\$190,600	\$222,620	\$260,021	\$303,705	\$354,727
State Tax	\$0.132	-252	-294	-343	-401	-468
County Tax	0.980	-1,868	-2,182	-2,548	-2,976	-3,476
Perryville Tax	0.376	-717	-837	-978	-1,142	-1,334
<i>Rising Sun Fire Company</i>						
Assessment		\$1,972,266	\$2,035,032	\$2,105,800	\$2,172,564	\$2,239,330
State Tax	\$0.132	-2,603	-2,686	-2,780	-2,868	-2,956
County Tax	0.980	-19,328	-19,943	-20,637	-21,291	-21,945
Rising Sun Tax	0.360	-7,100	-7,326	-7,581	-7,821	-8,062
<b>State Revenue Decrease</b>		<b>-\$2,855</b>	<b>-\$2,980</b>	<b>-\$3,123</b>	<b>-\$3,269</b>	<b>-\$3,424</b>
<b>Local Revenue Decrease</b>		<b>-\$29,013</b>	<b>-\$30,288</b>	<b>-\$31,744</b>	<b>-\$33,231</b>	<b>-\$34,817</b>

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**Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - April 6, 2005  
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