

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

Senate Bill 458
Budget and Taxation

(Cecil County Senators)

Ways and Means

Property Taxes - Churches in Cecil County - Dwellings

This bill requires Cecil County and its municipalities to grant a property tax credit against the county and municipal property tax on property owned by a religious group or organization and used for a dwelling by an employee of the group or organization.

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

Fiscal Summary

State Effect: None.

Local Effect: Cecil County revenues could decrease by \$1,707 beginning in FY 2006. Expenditures would not be affected.

Small Business Effect: Minimal.

Analysis

Current Law: Cecil County and its municipalities are required to grant a property tax credit against the county and municipal property tax on property that is owned by: (1) the Society for the Preservation of Maryland Antiquities, Incorporated; and (2) the Friends of the Library of Cecil County Maryland, Incorporated.

Background: Rectories, convents, and parsonages are exempt from property taxes. However, a dwelling used by an employee other than a minister, priest, or nun is not eligible for a tax credit. This credit could be applied to employees of a religious group or

organization including office staff, music directors, religious education directors and staff, janitorial staff, caretaker staff, business managers, and lay ministers if they live in property owned by the religious group or organization. A 1982 Court of Appeals case, *Supervisor of Assessments v. Trustees of Bosley Methodist Church Graveyard* held that a caretaker's dwelling is not exempt from property taxation.

Local Fiscal Effect: The State Department of Assessments and Taxation indicates that there are two properties in Cecil County that could qualify for this credit. The first is owned by the River City Baptist Church and is occupied by a couple who say that they do some maintenance work for the church. The 2005 assessment on the property is \$74,980. The second property is owned by Hopewell Cemetery Association of Cecil County. The property surrounds Hopewell Methodist Church and has a 2005 assessment of \$99,223.

Based on this information, Cecil County property tax revenues could decrease by approximately \$1,707 in fiscal 2006. This amount is expected to increase as assessments increase in future years. Also, to the extent that more properties become exempt as a result of the bill, the county revenues would decrease accordingly.

Additional Information

Prior Introductions: None.

Cross File: HB 571 (Cecil County Delegation) – Ways and Means.

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

Fiscal Note History: First Reader - February 24, 2005
n/hlb

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