

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

House Bill 1532

(Delegate Bartlett, *et al.*)

Ways and Means

Budget and Taxation

**Property Tax Credit - Structures Using Qualifying Energy Conservation Devices
for Electricity Generation**

This bill adds another purpose – the generation of electricity to be used in a structure – for which a structure may use specified energy devices in order to qualify for a local option property tax credit for structures that use energy conservation devices.

The bill takes effect June 1, 2006 and is applicable to taxable years beginning after June 30, 2006.

Fiscal Summary

State Effect: None.

Local Effect: Local property tax revenues could decrease beginning in FY 2007. The amount of the decrease would vary by jurisdiction and depends on the number of structures qualifying for the tax credit and the amount of any credit authorized.

Small Business Effect: Minimal.

Analysis

Current Law: Local governments are authorized to grant, by law, a tax credit against the county or municipal property tax imposed on a structure if the structure uses a solar energy device, a geothermal energy device, or a qualifying energy conservation device to provide heating or cooling for the structure, or hot water for use in the structure.

Background: Chapter 519 of 2004 authorizes local governments to provide, by law, a property tax credit against the local property tax for specified high performance buildings. The county or municipal corporation may provide for the amount of the credit, the duration of the credit, the criteria and qualifications necessary to receive the credit, and any other necessary provisions.

A high performance building is defined as a building that: (1) achieves at least a silver rating according to the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) Green Building Rating System as adopted by the Maryland Green Building Council; (2) achieves at least a comparable rating according to any other appropriate rating system; or (3) meets comparable green building guidelines or standards approved by the State.

Local Fiscal Effect: Information on the number of jurisdictions qualifying for the current local option tax credit is not readily available, nor is the amount of any credits provided. County and municipal property tax revenues could decrease beginning in fiscal 2007. The amount of the decrease would vary by jurisdiction and depends on the number of structures using solar energy devices, geothermal energy devices, or qualifying energy devices to generate electricity to be used in the structure, and the amount of any credit authorized. The number of structures and the assessed value of the structures cannot be reliably determined at this time.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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ncs/hlb

Analysis by: Michael Sanelli

Direct Inquiries to:
(410) 946-5510
(301) 970-5510