

**Department of Legislative Services**  
Maryland General Assembly  
2006 Session

**FISCAL AND POLICY NOTE**  
**Revised**

Senate Bill 204

(Senators Jacobs and Pipkin)

Budget and Taxation

Ways and Means

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**Property Tax Credit - Fire Companies - Cecil County**

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This bill authorizes Cecil County or its municipalities to provide a property tax credit for property owned by a fire company or rescue squad that is leased for more than 60 days under contractual agreement for the operation of the fire company's fire hall and would otherwise qualify for an exemption under specified circumstances.

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

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Cecil County revenues could decrease by \$4,300, and Perryville and Rising Sun revenues could decrease by \$700 and \$900 respectively in FY 2007. The revenue loss in future years reflects increasing assessments.

**Small Business Effect:** Minimal.

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**Analysis**

**Current Law:** Cecil County and its municipalities are authorized to grant a property tax credit for property owned by the Upper Chesapeake Watershed Association that is used to: • assist in the preservation of a wild nature area • establish a nature reserve or other protected area • promote conservation.

**Local Fiscal Effect:** Currently, the Community Fire Companies of Perryville and Rising Sun located in Cecil County 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 indicates that the fire hall owned by the Community Fire Company of Perryville has an assessment of \$190,900, and the fire hall owned by the Community Fire Company of Rising Sun has an assessment of \$238,700 (both as of July 1, 2005).

As a result, Cecil County revenues could decrease by \$4,300, and Perryville and Rising Sun revenues could decrease by \$713 and \$859 respectively in fiscal 2007, as shown in **Exhibit 1**. Revenue losses in future years reflect increased assessments.

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**Exhibit 1**  
**State and Local Revenue Decrease Resulting from SB 204**

	<u>Tax Rate</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
<i>Perryville Fire Company</i>						
Assessment		\$197,066	\$203,532	\$209,998	\$216,464	\$222,930
County Tax	\$0.980	(1,931)	(1,995)	(2,058)	(2,121)	(2,185)
Perryville Tax	\$0.362	(713)	(737)	(760)	(784)	(807)
<i>Rising Sun Fire Company</i>						
Assessment		\$238,700	\$238,700	\$238,700	\$262,570	\$288,827
County Tax	\$0.980	(2,339)	(2,339)	(2,339)	(2,573)	(2,831)
Rising Sun Tax	\$0.360	(859)	(859)	(859)	(945)	(1,040)
<b>Local Revenue Decrease</b>		<b>(\$5,843)</b>	<b>(\$5,930)</b>	<b>(\$6,017)</b>	<b>(\$6,423)</b>	<b>(\$6,862)</b>

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**Additional Information**

**Prior Introductions:** Similar bills were introduced as SB 1018/HB 1611 in the 2005 session. HB 1611 passed the House, but no action was taken by the Senate on either bill.

**Cross File:** None designated, although HB 215 is identical.

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

**Fiscal Note History:** First Reader - February 23, 2006  
ncs/hlb Revised - Senate Third Reader - April 7, 2006

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