

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE
Revised

House Bill 215
Ways and Means

(Cecil County Delegation)

Budget and Taxation

Property Tax Credit - Fire Companies - Cecil County

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.

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.

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.

Exhibit 1
State and Local Revenue Decrease Resulting from HB 215

	<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)
Local Revenue Decrease		(\$5,843)	(\$5,930)	(\$6,017)	(\$6,423)	(\$6,862)

Additional Information

Prior Introductions: This bill is similar to HB 1611 of 2005. No action was taken by the Senate. A similar bill (SB 1018) was also introduced at the 2005 session; however, no action was taken by the Senate.

Cross File: SB 204 (Senators Jacobs and Pipkin) – Budget and Taxation, is listed as a cross file; however, the bills are not identical.

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

Fiscal Note History: First Reader - February 20, 2006
ncs/hlb Revised - House Third Reader - April 4, 2006

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