

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 198

(Senators Jacobs and Pipkin)

Budget and Taxation

Ways and Means

Cecil County - Property Tax Credit - Property Leased by Religious
Organizations

This bill authorizes Cecil County and its municipalities to grant a property tax credit against county or municipal property taxes for: (1) portions of real property that are leased, occupied, and used by a religious group or organization exclusively for public religious worship, educational purposes, or office space necessary to support or maintain public religious worship or educational purposes; and (2) real property for which the religious group or organization is contractually liable.

The credit does not apply to property that is leased, occupied, or used for the purpose of making a profit or when the religious group or organization no longer occupies the property. The lessor of the property eligible for the tax credit must reduce by the amount of the tax credit the amount of taxes for which the religious group or organization is contractually liable under the lease agreement. The county or municipalities may provide for the amount and duration of the property tax credit and any other provision necessary.

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: If a credit is granted, Cecil County property tax revenues could decrease by at least \$3,200 annually beginning in FY 2007. The amount of any additional revenue decrease depends on the number of properties leased to religious organizations in the county and the value of each property.

Small Business Effect: None.

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; or • promote conservation.

Local Fiscal Effect: The bill could result in a reduction in Cecil County and municipal property tax revenues to the extent the credit is authorized. Cecil County indicates that there is at least one property, with an annual county property tax bill of \$3,200, that could be affected by the bill. The amount of any additional revenue decrease depends on the number of properties leased to religious organizations in the county and the value of each property. **Exhibit 1** shows the county and municipal property tax rates in Cecil County for fiscal 2006 and the amount of revenue that would be lost for each \$100,000 of assessment.

Exhibit 1 Decrease in County and Municipal Property Tax Revenues Per \$100,000 of Assessment

	<u>Tax Rate</u>	<u>Revenue Decrease</u>
Cecil County	\$0.980	\$980
Cecilton	0.240	240
Charlestown	0.320	320
Chesapeake City	0.462	462
Elkton	0.544	544
North East	0.480	480
Perryville	0.362	362
Port Deposit	0.551	551
Rising Sun	0.360	360

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 - February 23, 2006
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