

Department of Legislative Services  
Maryland General Assembly  
2006 Session

FISCAL AND POLICY NOTE  
Revised

Senate Bill 339

(Senators Jacobs and Hooper)

Budget and Taxation

Ways and Means

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

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This bill authorizes Harford County or 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 county or municipalities may provide, by law, for the amount and duration of the property tax credit and any other provision necessary.

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 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:** If a credit is authorized, Harford County property tax revenues could decrease by at least \$2,800 in FY 2007 and by \$3,300 in FY 2011. The actual effect on county and municipal property tax revenues could be greater to the extent more properties are eligible for the credit. No effect on county expenditures.

**Small Business Effect:** None.

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## Analysis

**Current Law:** Harford County is authorized to grant property tax credits for property owned by specified community associations and specified park, recreation, and agricultural land. The county and municipalities are authorized to grant property tax credits for property used to house specified community service facilities or used for occupancy by elderly individuals. Municipalities are authorized to grant a municipal real property tax credit for property owned or occupied by a member of a volunteer fire or ambulance company or member of the ladies' auxiliary of a volunteer fire or ambulance company.

**Local Fiscal Effect:** The bill could result in a reduction in Harford County and municipal property tax revenues to the extent that the credit is authorized. The amount of the revenue decrease depends on the number of properties leased to religious organizations in the county and the value of each property.

The State Department of Assessments and Taxation indicates that the Rooted Bible Fellowship Church and Restoration World Ministry occupy space in a shopping center located on Pulaski Highway in Edgewood. The estimated assessment for fiscal 2007 on the portion of the property leased to the organization is \$254,543. **Exhibit 1** shows the estimated county revenue loss associated with the credit.

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### Exhibit 1 County Revenue Decrease – Property Tax Credit for Property Leased to Religious Organizations

	<u>Tax Rate</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Assessment	\$1.082	\$254,543	\$268,297	\$282,050	\$295,803	\$309,557
<b>Revenue Decrease</b>		<b>(\$2,754)</b>	<b>(\$2,903)</b>	<b>(\$3,052)</b>	<b>(\$3,201)</b>	<b>(\$3,349)</b>

Source: State Department of Assessments and Taxation, Department of Legislative Services

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To the extent that there are other properties that could be eligible for the credit, county and municipal property tax revenues could decrease accordingly. **Exhibit 2** shows that

county and municipal tax rates in Harford County for fiscal 2006 and the amount of property revenue that would be lost for each \$100,000 of assessment.

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**Exhibit 2**  
**Decrease in County and Municipal Property Tax Revenues**  
**Per \$100,000 of Assessment**

	<u>Tax Rate</u>	<u>Revenue</u> <u>Decrease</u>
Harford County	\$1.082	\$1,082
Aberdeen	0.550	550
Bel Air	0.500	500
Havre de Grace	0.700	700

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**Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - February 23, 2006  
ncs/hlb Revised - Senate Third Reader - March 28, 2006

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