

**Department of Legislative Services**  
Maryland General Assembly  
2007 Session

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

Senate Bill 274

(Senator Edwards)

Budget and Taxation

Ways and Means

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**Garrett County - Property Tax Credit - New or Expanding Businesses**

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This bill authorizes Garrett County to grant, by law, a property tax credit for real property that is new construction or an improvement to real property owned or occupied by commercial or industrial businesses that meet specified employment and investment criteria. The county may (1) specify the minimum investment or job creation requirements for qualification for the credit; (2) designate an agency to administer the credit; and (3) specify the amount and duration of the credit, application procedure, and any additional criteria for eligibility or any other requirement or procedure for granting and administering the credit.

The bill takes effect June 1, 2007 and is applicable to taxable years beginning after June 30, 2007.

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Potential decrease in Garrett County property tax revenues. The amount of the decrease depends on the number of businesses that qualify for the credit and the value of improvements made. No effect on local expenditures.

**Small Business Effect:** Potential meaningful. To the extent that small businesses qualify for the tax credit, they would realize a reduction in county property tax payments.

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## Analysis

**Bill Summary:** To be eligible for the property tax credit, a commercial or industrial business must (1) be currently, or will be, doing business in Garrett County; (2) employ additional full-time local employees in the county by the second year in which the credit is allowed, not including any employee filling a job created when a job function is shifted from an existing location in the State to the new construction or improvement; and (3) make a substantial investment in Garrett County.

**Current Law:** Garrett County is authorized to grant a property tax credit for (1) property leased and occupied by the Grantsville Volunteer Fire Department; (2) property owned by the Board of Governors of Garrett County Memorial Hospital that is undeveloped, for use by the hospital, or under a lease with the hospital to provide health care related services on a nonprofit basis; (3) property owned by Avilton Community Association; (4) agricultural land located in an agricultural land preservation district; (5) property owned by the Garrett County, Maryland, Community Action Committee, Inc. or by an entity in which the Garrett County, Maryland, Community Action Committee, Inc. has a controlling interest; and (6) property owned by Adventure Sports Center, Inc.

The county is required to grant a property tax credit to the (1) Carey Run Sanctuary; (2) Swanton Community Center; (3) Crellin Community Center; (4) Bittinger Community Center; and (5) Garrett County Agricultural Fair Association.

**Background:** The State Department of Assessments and Taxation indicates that in fiscal 2007 Garrett County has 753 properties with commercial improvements, 314 vacant parcels with commercial zoning, 10 properties with industrial improvements, and 9 vacant parcels with industrial zoning. For fiscal 2007, the average commercial assessment for improved properties is \$321,557 and the average industrial assessment for improved properties is \$1.7 million. For fiscal 2007, the Garrett County real property tax rate is \$1.00 per \$100 of assessment.

**Local Fiscal Effect:** To the extent that Garrett County enacts the credit authorized by the bill, county property tax revenues could decrease. The amount of the decrease depends on the number of businesses that qualify for the credit and the value of improvements made. Garrett County estimates the number of businesses that could qualify for any credit granted pursuant to the bill to be relatively small.

## **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - February 23, 2007  
ncs/hlb Revised - Senate Third Reader - March 26, 2007

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