

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

House Bill 167
Ways and Means

(Howard County Delegation)

Budget and Taxation

**Howard County - Property Tax Credit - Residence Jointly Owned by an
Individual and the Howard County Housing Commission
Ho. Co. 6-07**

This bill authorizes Howard County to grant, by law, a property tax credit for owner-occupied residential real property that is jointly owned by an individual and the Howard County Housing Commission.

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

Fiscal Summary

State Effect: None.

Local Effect: Howard County property tax revenues could decrease by \$17,300 in FY 2008. Future year revenues could decrease as a result of increased assessments and more properties being jointly owned by the Howard County Housing Commission. Expenditures would not be affected.

Small Business Effect: None.

Analysis

Current Law: Howard County is authorized by law, to grant a property tax credit for:

- property that is owned by any community association that is used for community, civic, educational, library, or park purposes, not including a swimming pool, tennis court, or similar recreational facility;
- real property that is subject to the county's agricultural land preservation program;
- real property owned or occupied by a commercial or industrial business meeting certain requirements¹; and
- real property used as a therapeutic riding facility by a nonprofit organization that is exempt from taxation under § 501(c)(3) of the Internal Revenue Code; provides services to disabled individuals; and has at least 85% of its clients who are disabled individuals.

Local Fiscal Effect: The Howard County Housing Commission jointly owns 22 properties in the county, with its portion valued at \$1.5 million. Based on the Howard County total property tax rate of \$1.14 per \$100 of assessment, including special county rates, exempting the property owned by the Howard County Housing Commission from county property taxation could decrease Howard County revenues by \$17,250 in fiscal 2008. Future year revenue losses could increase if assessments increase and if the housing commission shares ownership of additional properties.

¹The business must employ at least 12 additional full-time local employees 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 and make a substantial investment in Howard County, including: (1) the acquisition of a building, land, or equipment that totals at least \$2 million; or (2) the creation of 10 positions with salaries greater than the current average annual wage in Howard County.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - February 20, 2007
ncs/hlb

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