

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

House Bill 1229
Ways and Means

(Delegate F. Turner, *et al.*)

Property Tax Credit - Nonprofit Swimming Facilities

This bill alters the definition of “nonprofit swim club,” for purposes of the local option property tax credit for specified nonprofit swim clubs to include a nonprofit corporation that owns and operates at least 20 swimming facilities that provide a recreational outlet for a local community.

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

Fiscal Summary

State Effect: None.

Local Effect: Howard County property tax revenues could decrease by \$140,800 in FY 2008 and \$174,300 by FY 2012 if the county provides a 100% credit. No effect on county expenditures.

Small Business Effect: None.

Analysis

Current Law: Chapter 446 of 2006 authorizes local governments to grant a property tax credit against the property tax imposed on a nonprofit swim club that uses its facilities exclusively to provide a recreational outlet for a local community. Local governments are authorized to provide for the amount and duration of the credit and any other provision necessary.

Background: If a swimming pool is owned by a community and every member of the community has access to the pool and other associated property, the State Department of Assessments and Taxation (SDAT) does not place an assessed value on the pool. The value of the pool is assumed in the value of each property that has an interest in the pool (the right to use it). Pools belonging to the Columbia Association are currently taxable.

Local Effect: The bill applies to 27 swimming pools owned by the Columbia Association in Howard County. SDAT indicates that these pools have a total real property assessment of \$12.4 million for fiscal 2008. Assuming the county provides a 100% tax credit for eligible properties, Howard County property tax revenues could decrease by \$140,800 beginning in fiscal 2008, as shown in **Exhibit 1**.

Exhibit 1
Assessment of Columbia Association Swimming Pools
Associated Revenue Reduction with 100% Tax Credit
Fiscal 2008-2012

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Assessment	\$12,356,557	\$13,090,826	\$13,825,106	\$14,559,386	\$15,293,666
Tax Rate	1.1395	1.1395	1.1395	1.1395	1.1395
Revenue Decrease	(\$140,803)	(\$149,170)	(\$157,537)	(\$165,904)	(\$174,271)

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

To the extent Howard County includes personal property as being eligible for the tax credit, Howard County property tax revenues would decrease accordingly. The Howard County personal property tax rate is \$2.849 per \$100 of assessment. SDAT indicates the Columbia Association has a personal property tax assessment of \$5.5 million for fiscal 2007.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Calvert County, Caroline County, Howard County, Montgomery County, Prince George's County, Baltimore City, State Department of Assessments and Taxation, Department of Legislative Services

Fiscal Note History: First Reader - March 21, 2007
ncs/hlb

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