

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

Senate Bill 649

(Senator Edwards)

Budget and Taxation

Ways and Means

Garrett County - Special Property Tax - Volunteer Fire Departments

This bill authorizes Garrett County to increase the amount of its special property tax rate for volunteer fire departments from \$0.02 to a maximum of \$0.04 per \$100 of assessment for real property; and from \$0.05 to a maximum of \$0.10 per \$100 of assessment for personal property.

Fiscal Summary

State Effect: None.

Local Effect: Garrett County fire tax revenues could increase by a maximum of \$789,200 beginning in FY 2009, assuming the Garrett County Commissioners impose the maximum fire tax rates. County expenditures for volunteer fire departments would increase by the same amount.

Small Business Effect: Minimal.

Analysis

Current Law: Garrett County is authorized to impose a special property tax to provide funding for volunteer fire departments. The rate is \$0.02 per \$100 of assessment for real property and \$0.05 per \$100 of assessment for personal property and operating real property of a public utility.

Background: Revenue collected from the special property tax is distributed to volunteer fire departments twice a year – in January and in June. The estimated disbursements for fiscal 2007 are \$672,130, with each volunteer fire department receiving \$61,075, except

the Oakland Volunteer Fire Company, which will receive \$61,375. The county indicates the Oakland fire company has historically received \$300 more than the other fires companies each year.

Local Fiscal Effect: The Garrett County property tax rate for fiscal 2007 is \$1.00 per \$100 of assessment for real property and \$2.50 per \$100 of assessment for personal property (public utilities). The fire tax is included in the \$1.00 county tax rate. The current county fire tax is projected to generate \$789,200 in fiscal 2008. Increasing the fire tax by 1 cent for real property and public utilities will generate \$1.2 million in fiscal 2008, a \$378,200 increase over current law. If the county commissioners increase the fire tax rate to the maximum level authorized under this bill, fire tax revenues would increase to \$1.6 million in fiscal 2008, a \$789,200 increase over current law.

Exhibit 1 shows the potential increase in county fire tax revenues, based on fiscal 2008 assessable base projections. At this time it is not known what the county tax rate will be for fiscal 2008 and 2009. The Garrett County Commissioners will determine the fire tax rate for fiscal 2009 during future deliberations on the county budget.

Exhibit 1
Revenue Change from Increasing the Garrett County Fire Tax Rate

	<u>Assessable Base</u>	<u>Current Rate</u>	<u>Proposed Rates</u>				
<i>Real Property</i>	\$3,673,337,000						
Tax Rate		\$0.02	\$0.03	\$0.04			
Revenue		734,667	1,102,001	1,469,335			
Change over Current			\$367,334	\$734,667			
 <i>Public Utilities</i>	 \$109,113,080						
Tax Rate		\$0.05	\$0.06	\$0.07	\$0.08	\$0.09	\$0.10
Revenue		54,557	65,468	76,379	87,290	98,202	109,113
Change over Current			\$10,911	\$21,823	\$32,734	\$43,645	\$54,557

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

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

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