

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE

House Bill 1302
Ways and Means

(Delegates Jennings and Morhaim)

Property Tax Credit - Programmable Thermostats

This bill requires local governments to grant, by law, a \$100 property tax credit for real property equipped with a programmable thermostat.

The bill takes effect June 1, 2008 and applies to all taxable years beginning after June 30, 2008.

Fiscal Summary

State Effect: None.

Local Effect: County property tax revenues could decrease significantly beginning in FY 2009, depending on the number of properties with programmable thermostats. Local government expenditures would not be affected. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: Minimal.

Analysis

Current Law: None applicable.

Background: A programmable thermostat allows a user to adjust the times the heating or air-conditioning unit is turned on according to a preset schedule. As a result, the equipment does not operate as much during specified time periods. Programmable thermostats can store and repeat multiple daily settings (six or more temperature settings

a day) and can be manually changed without affecting the rest of the daily or weekly program. A programmable thermostat can be purchased for less than \$50 depending on the model.

Local Fiscal Effect: Local government revenue would decrease by a significant amount beginning in fiscal 2009 depending on the number of properties with programmable thermostats. As a point of reference, there are approximately 1.9 million improved taxable real property accounts in the State. If each property is equipped with a programmable thermostat, county property tax revenues would decrease by approximately \$187.8 million annually, as shown in **Exhibit 1**. The legislation is silent as to how the presence of a programmable thermostat would be verified and if the \$100 credit would apply to each programmable thermostat, if a property had more than one.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - February 22, 2008
mll/hlb

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Exhibit 1
Potential County Revenue Decrease from \$100 Tax Credit
for Programmable Thermostats

<u>County</u>	<u>Taxable Real Property Accounts*</u>	<u>Potential County Revenue Decrease</u>
Allegany	28,552	(\$2,855,200)
Anne Arundel	175,404	(17,540,400)
Baltimore City	207,951	(20,795,100)
Baltimore	249,331	(24,933,100)
Calvert	31,987	(3,198,700)
Caroline	11,954	(1,195,400)
Carroll	56,408	(5,640,800)
Cecil	35,394	(3,539,400)
Charles	47,930	(4,793,000)
Dorchester	14,529	(1,452,900)
Frederick	78,018	(7,801,800)
Garrett	17,348	(1,734,800)
Harford	81,767	(8,176,700)
Howard	86,142	(8,614,200)
Kent	9,041	(904,100)
Montgomery	294,642	(29,464,200)
Prince George's	235,288	(23,528,800)
Queen Anne's	19,053	(1,905,300)
St. Mary's	33,859	(3,385,900)
Somerset	9,699	(969,900)
Talbot	16,899	(1,689,900)
Washington	47,579	(4,757,900)
Wicomico	33,968	(3,396,800)
Worcester	55,525	(5,552,500)
Total	1,878,268	(\$187,826,800)

*State Department of Assessments and Taxation, July 1, 2007
