

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1572
Ways and Means

(Delegates Mathias and Conway)

Budget and Taxation

Worcester County - Property Tax Credits - Amusement Parks

This bill authorizes Worcester County or a municipality in Worcester County to grant, by law, a property tax credit for • real property known as the Ocean City Amusement and Fishing Pier; and • real property consisting of at least 30 acres located in Ocean City on or west of Route 528 and used exclusively for the operation of an amusement park. The county or municipal government may provide, by law, for the amount and duration of the credit, additional eligibility criteria, regulations and procedures for the application and uniform processing of requests for the credit, and any other provisions necessary to carry out the credit.

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: Worcester County revenues could decrease by \$146,700 beginning in FY 2009 and Ocean City revenues could decrease by \$149,800, assuming both jurisdictions provide a 100% tax credit for eligible property. Expenditures would not be affected.

Small Business Effect: Minimal.

Analysis

Current Law: Worcester County is authorized to grant a property tax credit for property that • is owned by the Berlin Community Improvement Association; • is owned by the Marlin Park Association; • is owned or leased by the Greater Ocean City Health Service Corporation; • is owned by the Ocean City Amusement and Fishing Pier; • is owned by the Ocean City Chamber of Commerce; and • is owned by the Pocomoke City Chamber of Commerce.

Local Fiscal Effect: The bill applies to four parcels of property in Ocean City. Three of the parcels are accounts for the Jolly Roger Amusement Park, located at 30th Street. The other account is for the Sinepuxent Pier. The State Department of Assessments and Taxation (SDAT) indicates that the Jolly Roger accounts have a 2006 assessment of \$18.0 million and the Sinepuxent Pier account has a 2007 assessment of \$14.4 million.

Assuming that Worcester County provides a 100% tax credit for the Jolly Roger Amusement Park (the county is currently authorized to provide a tax credit for the Sinepuxent Pier) and Ocean City provides a 100% tax credit for both properties, local property tax revenues could decrease by \$146,700 and \$149,800, respectively, beginning in fiscal 2009, as shown in **Exhibit 1**. The estimate assumes that current local property tax rates remain constant, both jurisdictions provide a 100% tax credit, and an estimated 8% annual assessment increase which reflects past assessment growth and the slow down in the real estate market.

Exhibit 1
Potential Effect of Tax Credit on Worcester County and Ocean City Revenues
Fiscal 2009-2013

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
<i>Total Assessment</i>					
Jolly Roger	\$20,964,057	\$22,641,182	\$24,452,476	\$26,408,674	\$28,521,368
Sinepuxent Pier	\$15,583,644	\$16,830,336	\$18,176,762	\$19,630,903	\$21,201,376
<i>Local Tax Rates</i>					
Worcester County	\$0.70	\$0.70	\$0.70	\$0.70	\$0.70
Ocean City	\$0.41	\$0.41	\$0.41	\$0.41	\$0.41
<i>Local Revenue Loss</i>					
Worcester County					
100% Credit	(\$146,748)	(\$158,488)	(\$171,167)	(\$184,861)	(\$199,650)
50% Credit	(73,374)	(79,244)	(85,584)	(92,430)	(99,825)
25% Credit	(36,687)	(39,622)	(42,792)	(46,215)	(49,912)
Ocean City					
100% Credit	(\$149,846)	(\$161,833)	(\$174,780)	(\$188,762)	(\$203,863)
50% Credit	(74,923)	(80,917)	(87,390)	(94,381)	(101,932)
25% Credit	(37,461)	(40,458)	(43,695)	(47,191)	(50,966)

Additional Information

Prior Introductions: None.

Cross File: SB 999 (Senator Stoltzfus) – Budget and Taxation.

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

Fiscal Note History: First Reader - March 12, 2008
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