

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE

Senate Bill 156 (Senator Colburn)
Budget and Taxation

Talbot County - Property Tax Credit - Historic Structures

This bill authorizes Talbot County or its municipalities to grant, by law, a property tax credit for historic property. The county and municipal governments are authorized to specify the types of improvements to property eligible for the credit; establish the amount and duration of the credit; establish eligibility criteria; and to provide for any other provision necessary to carry out the credit.

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

Fiscal Summary

State Effect: None.

Local Effect: Potential decrease in Talbot County and municipal property tax revenues. The extent of the decrease depends on the number of eligible historic properties and the amount of the credit granted.

Small Business Effect: Potential meaningful. To the extent small businesses are located in historic structures, they could benefit from reduced property taxes.

Analysis

Current Law: Talbot County and its municipalities are not authorized to grant a property tax credit for historic structures. Local property tax credits are required for

property owned by the Academy of Arts in Easton, Bailey's Neck Park Association, Maryland Ornithological Society, the Tuckahoe Steam and Gas Association, and specified property owned by Chesapeake Audubon Society and Chesapeake Wildlife Heritage. The county is authorized to provide a tax credit for specified commercial or industrial property located in the county.

Background: Exhibit 1 shows the real property tax rate, for fiscal 2008, in Talbot County and its municipalities.

Exhibit 1
County and Municipal Tax Rate for Talbot County Fiscal 2008

| | <u>County Rate</u> | <u>Municipal Rate</u> | <u>Tax Rate</u> |
|----------------------|--------------------|-----------------------|-----------------|
| Talbot County | \$0.475 | \$0.000 | \$0.475 |
| Easton | 0.349 | 0.520 | 0.869 |
| Oxford | 0.365 | 0.280 | 0.645 |
| Queen Anne | 0.420 | 0.180 | 0.600 |
| St. Michael's | 0.355 | 0.640 | 0.995 |
| Trappe | 0.395 | 0.300 | 0.695 |

In fiscal 2006, three properties in Talbot County received the Heritage Structure Rehabilitation Tax Credit, an income tax credit allowed for qualified rehabilitation expenses for commercial and residential buildings. Four properties received the credit in fiscal 2007 and one property received the credit in fiscal 2008.

Local Fiscal Effect: Talbot County and municipal property tax revenues could decrease beginning in fiscal 2009 to the extent the tax credit is granted by the county or municipal governments. The amount of any decrease cannot be reliably estimated and depends on the number of historic properties receiving the credit and the amount of tax credit.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - January 29, 2008
mam/hlb

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