

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 676

(Senator Stoltzfus, *et al.*)

Budget and Taxation

Ways and Means

Property Tax Credit - Commercial Waterfront Property

This bill authorizes counties and municipalities to provide a property tax credit for “commercial waterfront property.” Local governments may provide, by law, for the amount and duration of the credit, additional eligibility criteria, regulations and procedures for the application and uniform processing for requests for the tax credit, and any other necessary provision to carry out the tax credit.

Commercial waterfront property is defined as real property that is adjacent to the tidal waters of the State; is used primarily for a commercial fish operation or as a commercial marina or commercial marine repair facility; and has produced an average annual gross income of at least \$1,000 in the most recent three-year period.

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: Potential decrease in county and municipal property tax revenues to the extent the tax credit is granted. The amount of the decrease depends on the number of counties and municipalities enacting the property tax credit, the amount of the credit, the number of properties eligible for the credit, and the value of these the properties.

Small Business Effect: Potential meaningful.

Analysis

Current Law: None applicable.

Local Fiscal Effect: The bill could result in a decrease in county and municipal property tax revenues. However, the amount of the decrease cannot be reliably estimated and depends on • the number of counties and municipalities enacting the property tax credit authorized by the bill; • the amount of the credit; • the number of properties used for and to support commercial fish operations, commercial marinas, and commercial marine repair facilities in each county; and • the value of these properties.

There are approximately 44,000 waterfront properties, including commercial and residential, located in the State, based on the most recent assessment cycle conducted by the State Department of Assessments and Taxation (SDAT). However, data is not available as to the value of each waterfront property.

The Department of Natural Resources indicates that 8,265 commercial fishing licenses were issued to 6,657 individuals for license year 2007. It is not known how many of these individuals own property and the extent to which the property is used for and to support a commercial fish operation.

SDAT reports that there are two different types of marina properties in the State – commercial marinas and condominium marinas. Commercial marinas are marinas where all the boat slips are owned by a single entity. With a condominium marina, each boat slip is owned by the owner(s) of each condominium, and each slip is part of a separate tax account. **Exhibit 1** lists the type and number of these marinas. However, at this time, SDAT is unable to determine the number of marinas that would meet the eligibility requirements of the bill. Also, SDAT reports that it does not have data as to the number of commercial marine repair facilities that meet the eligibility requirements of the bill.

Exhibit 1
Commercial and Condominium Marinas in Maryland
Fiscal 2008

<u>County</u>	<u>Type</u>	<u>Accounts</u>	<u>Total Assessment</u>
Anne Arundel	Commercial	193	\$341,331,300
Anne Arundel	Condos	539	17,722,500
Baltimore City	Commercial	16	23,719,700
Baltimore	Commercial	97	70,500,000
Calvert	Commercial	17	27,242,800
Caroline	Commercial	2	908,400
Cecil	Commercial	48	62,027,100
Cecil	Condo	444	11,993,300
Charles	Commercial	4	7,421,300
Charles	Condos	115	1,465,000
Dorchester	Commercial	13	6,153,400
Garrett	Commercial	2	1,172,500
Harford	Commercial	16	20,459,200
Kent	Commercial	47	73,420,000
Prince George's	Commercial	3	6,486,900
Queen Anne's	Commercial	25	74,941,400
Queen Anne's	Condo	294	12,339,300
St. Mary's	Commercial	32	33,313,300
Somerset	Commercial	124	39,537,700
Talbot	Commercial	27	33,170,600
Wicomico	Commercial	4	2,390,300
Worcester	Commercial	11	40,432,600
Total		2,073	\$908,148,600

Small Business Effect: To the extent that counties and municipalities enact property tax credits, owners of properties used in or supporting a commercial fish operation, commercial marina, and commercial marine repair facility would realize reduced property taxes.

Additional Information

Prior Introductions: None.

Cross File: HB 612 (Delegate Kullen, *et al.*) – Ways and Means.

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

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