

Department of Legislative Services  
Maryland General Assembly  
2009 Session

FISCAL AND POLICY NOTE  
Revised

Senate Bill 644

(Senator Astle)

Budget and Taxation

Ways and Means

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Property Tax Credit - Marine Trade Waterfront Property

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This bill authorizes a local government to grant, by law, a property tax credit for “marine trade waterfront property.” Local governments are authorized to provide, by law, for (1) the amount and duration of the property tax credit; (2) additional eligibility criteria for the tax credit; (3) regulations and procedures for the application and uniform processing of requests for the tax credit; and (4) any other provision necessary.

The bill takes effect June 1, 2009 and applies to all taxable years beginning after June 30, 2009.

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Fiscal Summary

**State Effect:** None.

**Local Effect:** Potential significant 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 the eligible properties.

**Small Business Effect:** Potential meaningful.

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Analysis

**Bill Summary:** Marine trade waterfront property is real property that (1) is adjacent to the tidal waters of the State; (2) is used primarily for an activity or business that requires direct access to, or location in, marine waters due to the nature of the activity or business;

and (3) for the most recent three-year period, has produced an average annual gross income of at least \$1,000.

Marine trade waterfront property includes marinas, boat ramps, boat hauling and repair facilities, fishing facilities, and any other boating facilities; and land that is adjacent to or under improvements used primarily for an activity or business that requires access to, or location in, marine waters due to the nature of the activity or business.

**Current Law:** Chapter 281 of 2008 authorizes counties and municipalities to provide a property tax credit for commercial waterfront property. 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.

**Background:** The bill implements one of the recommendations – to expand the tax credit authorized by Chapter 281 – of the Task Force to Study the Boating Industry in Maryland, which issued its final report on December 31, 2008.

**Local Fiscal Effect:** The bill may result in a significant decrease in county and municipal property tax revenues. However, the amount of the decrease cannot be reliably estimated and depends on (1) the number of counties and municipalities enacting the property tax credit authorized by the bill; (2) the amount of the credit; (3) the number of properties used for and to support marine trade, including marinas, boat ramps, fishing facilities, and any other boating facilities in each county; and (4) 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.

SDAT reports that there are three different types of marine related properties that the department has assessment data for – commercial marinas, condominium marinas, and boat storage yards. 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 properties. However, at this time, SDAT is unable to determine the number of marine trade waterfront properties 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. It should be noted that the two types of marinas are eligible for the tax credit authorized by

Chapter 281. These properties would not be eligible for both tax credits so that any properties currently receiving a tax credit for commercial waterfront property would not be eligible to receive a tax credit under this bill.

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

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Baltimore City, Baltimore County, Charles County, Frederick County, Montgomery County, Somerset County, City of Havre de Grace, State Department of Assessments and Taxation, Department of Natural Resources, Department of Legislative Services

**Fiscal Note History:** First Reader - March 16, 2009  
mcp/hlb Revised - Senate Third Reader - April 2, 2009

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**Exhibit 1**  
**Commercial/Condominium Marinas and Boat Storage Yards in Maryland**  
**Fiscal 2010**

<b>County</b>	<b>Type</b>	<b>Accounts</b>	<b>Total Assessment</b>
Anne Arundel	Commercial	193	\$395,246,400
Anne Arundel	Condo	539	19,474,000
Anne Arundel	Boat Storage Yard	3	1,797,700
Baltimore City	Commercial	17	31,064,700
Baltimore City	Boat Storage Yard	2	6,540,400
Baltimore	Commercial	97	79,031,800
Baltimore	Boat Storage Yard	11	2,896,600
Calvert	Commercial	18	29,752,100
Cecil	Commercial	49	64,246,500
Cecil	Condo	444	11,993,300
Cecil	Boat Storage Yard	2	5,468,500
Charles	Commercial	4	7,968,600
Charles	Condos	115	1,465,000
Charles	Boat Storage Yard	2	1,026,300
Dorchester	Commercial	13	6,306,600
Harford	Commercial	16	19,307,800
Harford	Boat Storage Yard	1	1,188,400
Kent	Commercial	48	72,160,000
Kent	Boat Storage Yard	1	179,800
Prince George's	Commercial	4	21,052,400
Queen Anne's	Commercial	26	75,873,100
Queen Anne's	Condo	297	19,482,300
St. Mary's	Commercial	32	35,115,800
Somerset	Commercial	125	25,303,700
Talbot	Commercial	28	37,365,100
Talbot	Boat Storage Yard	3	2,226,400
Wicomico	Commercial	4	2,832,700
Wicomico	Boat Storage Yard	1	1,581,800
Worcester	Commercial	10	34,950,400
Worcester	Boat Storage Yard	2	1,033,000
<b>Total</b>		<b>2,107</b>	<b>\$1,013,931,200</b>

Note: The exhibit excludes marinas located in Caroline and Garrett counties, since the jurisdictions are not located adjacent to tidal waters.