

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 335

(Senator Colburn)

Budget and Taxation

Ways and Means

**Dorchester County and Talbot County - Property Tax Credit for Habitat for
Humanity of Talbot & Dorchester Counties, Inc.**

This bill authorizes the county or a municipality in Dorchester and Talbot counties to grant, by law, a property tax credit against the county or municipal property tax for specified real property owned by Habitat for Humanity of Talbot and Dorchester Counties. Habitat for Humanity of Talbot and Dorchester Counties must submit a report to the Dorchester and Talbot County Councils each year that documents the organization's real property holdings in the county and all transactions involving such holdings. The counties or municipalities may (1) set the amount, terms, scope, and duration of the credit; and (2) adopt any provision necessary to administer the credit.

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

Fiscal Summary

State Effect: None.

Local Effect: Property tax revenues in Dorchester County and the City of Cambridge may decrease by \$1,300 and \$1,100 respectively beginning in FY 2010. Property tax revenues in Talbot County and the Town of Easton may decrease by \$1,500 and \$1,300 respectively beginning in FY 2010. Expenditures are not affected.

Small Business Effect: Minimal.

Analysis

Current Law: Talbot County or a municipality in Talbot County must grant a tax credit for property owned by (1) the Academy of the Arts, Easton, Maryland; (2) the Bailey's Neck Park Association; (3) the Maryland Ornithological Society or any of its chapters; and (4) the Tuckahoe Steam and Gas Association.

The county and municipalities are authorized to grant a property tax credit for specified property owned by the Chesapeake Audubon Society and personal property owned by Chesapeake Wildlife Heritage. In addition, the county or municipality may grant a property tax credit against the county property tax imposed on real property that is owned or occupied by a commercial or industrial business that is currently or will be doing business in Talbot County and new construction or a substantial improvement to the real property.

Dorchester County must grant a property tax credit for property owned by the (1) Women's Auxiliary of Dorchester Memorial Hospital; and (2) Cambridge Little League.

Dorchester County is authorized to grant a tax credit for property owned by (1) the Cedar Meadows Rod and Gun Club; (2) the Cambridge Skeet and Gun Club; and (3) specified commercial warehouse plant facilities. The county is authorized to grant a property tax credit for land subject to a nutrient management plan or forest management plan. Dorchester County or a municipality in Talbot County may grant a tax credit for certain properties owned by the Chesapeake Audubon Society.

Background: Habitat for Humanity International is a nonprofit, ecumenical Christian housing ministry that operates with the goal of eliminating substandard housing and homelessness worldwide. There are more than 1,500 Habitat for Humanity affiliates operating in the United States.

The Dorchester County property tax rate is \$0.896 per \$100 of assessment; the county and municipal property tax rates for real property located in the City of Cambridge are \$0.850 and \$0.676 per \$100 of assessment, respectively.

The Talbot County property tax rate is \$0.449 per \$100 of assessment; the county and municipal property tax rates for real property located in the Town of Easton are \$0.321 and \$0.52 per \$100 of assessment, respectively.

Local Fiscal Effect: The State Department of Assessments and Taxation indicates that the Habitat for Humanity of Talbot and Dorchester Counties owns eight properties in Talbot County, including four located in Easton, that are eligible for the property tax

credit authorized by the bill. The full cash value of the properties for fiscal 2009 is \$401,820.

Based on the fiscal 2009 assessment and the current county and municipal property tax rates, property tax revenues for Talbot County and the Town of Easton may decrease by \$1,500 and \$1,300 respectively beginning in fiscal 2010 to the extent the credit is granted.

Habitat for Humanity also owns four properties in Dorchester County, all of which are within the City of Cambridge. Three of these properties are vacant, with no improvements. The fiscal 2009 assessment for these properties is \$156,070.

Based on the fiscal 2009 assessment and the current county and municipal property tax rates, property tax revenues for Dorchester County and the City of Cambridge may decrease by \$1,300 and \$1,100 respectively beginning in fiscal 2010 to the extent the credit is granted.

Additional Information

Prior Introductions: None.

Cross File: HB 42 (Delegates Haddaway and Eckardt) - Ways and Means.

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

Fiscal Note History: First Reader - February 4, 2009
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