

**Department of Legislative Services**  
Maryland General Assembly  
2009 Session

**FISCAL AND POLICY NOTE**

Senate Bill 819 (Senator Harrington)  
Budget and Taxation

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**Prince George's County - Sale of Residential Property in a Special Taxing District - Property Tax Credit**

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This bill authorizes Prince George's County to grant, by law, a property tax credit for residential real property located in a special taxing district in an amount equal to 100% of the special taxing district assessment. In order to obtain the property tax credit, a real property owner must apply to the county before selling the property. The property tax credit first applies to the taxable year that begins after the property is sold. Prince George's County may provide, by law, for any other necessary provisions.

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 Prince George's County revenues beginning in FY 2010 depending on the number of residential property sales and amount of tax credits granted. In FY 2009, Prince George's County collected \$2.9 million from the county's five special taxing districts. County expenditures are not affected.

**Small Business Effect:** None.

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**Analysis**

**Bill Summary:** Special taxing district is defined as a geographic area established by Prince George's County or a municipality in Prince George's County where special ad

valorem taxes are imposed to finance infrastructure improvements or services not funded through general tax revenue. A special taxing district assessment is the additional ad valorem tax imposed on real property because it is located in a special taxing district.

**Current Law:** Prince George's County is authorized to grant a property tax credit for real property (1) owned by specified nonprofit community civic associations; (2) owned by the Piscataway Hills Citizens Association; (3) that is improved to promote housing, community redevelopment, and business revitalization; (4) used by the property owner to provide child care for the children of at least 25 employees; (5) owned or leased by the American Center for Physics and used only for nonprofit activities relating to the advancement and diffusion of the knowledge of physics and its application to human welfare; (6) owned by the Kettering-Largo-Mitchellville Boys and Girls Club; (7) adversely impacted by its proximity to a refuse disposal system; and (8) subject to a State or county agricultural land preservation program.

The county is required to grant a property tax credit for specified property owned by the Maryland Jaycees and the Prince George's County Chamber of Commerce Foundation.

**Background:** All counties have authority to establish special taxing districts for limited purposes, such as providing drainage improvements or providing street lighting. In addition, the governing bodies of counties that have adopted charter home rule or code home rule also have broad authority under the Express Powers Act to create special taxing districts to carry out most municipal services. The number of special taxing districts established under this authority varies significantly. Anne Arundel County has established 65 special taxing districts known as community benefit districts. Other home rule counties have created few, if any, special taxing districts under this authority.

In addition, the General Assembly has granted 11 counties (Anne Arundel, Calvert, Cecil, Charles, Garrett, Harford, Howard, Prince George's, St. Mary's, Washington, and Wicomico) and Baltimore City broad authority to create special taxing districts and to levy ad valorem taxes and issue bonds and other obligations for purposes of financing infrastructure improvements. The types of infrastructure improvements authorized include storm drainage systems, water and sewer systems, roads, lighting, parking, parks and recreational facilities, libraries, schools, transit facilities, and solid waste facilities.

The General Assembly also has authorized municipalities to create special taxing districts within their borders. Special taxing districts may be established for purposes of storm drainage systems, public parking facilities, pedestrian malls, area and street lighting, bus systems, other enumerated infrastructure improvements and municipal services, and financing capital and operating costs to enhance police, fire protection, and rescue services. However, very few municipalities have established special taxing districts.

**Local Fiscal Effect:** Prince George’s County revenues may decrease by a significant amount beginning in fiscal 2010. However the amount of any decrease cannot be reliably estimated and depends on the number of residential property sales, the number of tax credits granted pursuant to the bill and the amount of each tax credit. In fiscal 2009, Prince George’s County collected approximately \$2.9 million from its five special taxing districts as shown in **Exhibit 1**. In fiscal 2008, there were 3,370 residential real property sales in Prince George’s County. The average assessment for residential real property in Prince George’s County is \$292,894 in fiscal 2009.

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**Exhibit 1**  
**Special Taxing District Collections**  
**Fiscal 2009**

Woodview I	\$560,000
Woodview II	553,000
Hyattsville	1,026,000
Victoria Falls	700,000
National Harbor	60,000
<b>Total</b>	<b>\$2,899,000</b>

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**Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Prince George’s County, Department of Legislative Services

**Fiscal Note History:** First Reader - March 17, 2009  
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