

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 552

(Senator Edwards)

Budget and Taxation

Ways and Means

Allegany County - Property Tax Credit - Memorial Hilltop Centre

This bill authorizes Allegany County or a municipality in the county to grant, by law, a property tax credit against the county or municipal property tax for any property within the area known as the Memorial Hilltop Centre. The purpose of the tax credit is to encourage economic development in the county. The county or municipal government may provide, by law, for the amount of the credit, eligibility criteria for the credit, regulations and procedures for the application and uniform processing of requests for the credit, and any other provision necessary to administer the credit. The tax credit may not be granted for more than 10 years.

The bill takes effect June 1, 2010, and applies to all taxable years beginning after June 30, 2010.

Fiscal Summary

State Effect: None.

Local Effect: County and municipal property tax revenues in Allegany County may decrease beginning in FY 2011, to the extent the property tax credit is granted. Under one set of assumptions, property tax revenues in Allegany County and the City of Cumberland may decrease by \$408,700 and \$437,600, respectively. Local expenditures are not affected.

Small Business Effect: Potential meaningful impact to the extent small businesses are located in the Memorial Hilltop Center if the property tax credit is granted.

Analysis

Current Law: Allegany County and its municipal corporations are authorized to grant, by law, property tax credits for property (1) owned by the Upper Potomac Jaycees; (2) owned by the Allegany Beagle Club; (3) leased by Frostburg Community Hospital and used for hospital purposes; (4) owned by the Western Maryland Scenic Railroad; (5) owned by the Frostburg Lions Club; (6) owned by the Cumberland/Allegany County Industrial Foundation; (7) owned by the La Vale Lions Club Foundation; (8) owned by the Carver Community Center; (9) owned by the Cumberland Cultural Foundation and is known as the Gilchrist Museum; (10) owned by the Allegany County Agricultural Expo; and (11) owned by the Allegany County Building Trades Education Foundation.

Background: The Allegany County real property tax rate within the City of Cumberland is \$0.9016 per \$100 of assessment. The municipal real property tax rate within the City of Cumberland is \$0.9654 per \$100 of assessment, with the combined county and municipal real property tax rate totaling \$1.867.

Local Fiscal Effect: The State Department of Assessments and Taxation indicates that three real property accounts with a total assessment of \$45.3 million are located at the Memorial Hilltop Centre in Cumberland. The first property is 4.5 acres with a 272,290 square foot structure; the fiscal 2011 assessment is \$40.7 million. The second property is a 30,056 square foot parking structure; the fiscal 2011 assessment is \$2.1 million. The third property is a 22,750 square foot parking structure; the fiscal 2011 assessment is \$2.5 million. Allegany County indicates that these properties are currently held by the county and are exempt from county and municipal property taxes.

Property tax revenues in Allegany County or the City of Cumberland will decrease to the extent the properties are sold to private owners and the tax credit is granted. As a point of reference, if the county and city were to grant a property tax credit for all the properties in the Memorial Hilltop Centre in fiscal 2011, county and city property tax revenues would decrease by \$408,700 and \$437,600, respectively.

Additional Information

Prior Introductions: None.

Cross File: HB 623 (Allegany County Delegation) - Ways and Means.

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

Fiscal Note History: First Reader - February 19, 2010
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