

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

House Bill 796
Ways and Means

(Delegate Murphy, *et al.*)

Budget and Taxation

Charles County - Property Tax Credit for Homes Formerly Owned by Habitat for Humanity of Charles County

This bill authorizes Charles County to grant, by law, a four-year property tax credit for owner-occupied real property that was (1) formerly owned by Habitat for Humanity of Charles County with the intention of relinquishing ownership; (2) used by Habitat for Humanity of Charles County exclusively for the purpose of rehabilitation and transfer to a private owner; and (3) was transferred to a private owner who meets the criteria established by Habitat for Humanity of Charles County. The amount of the property tax credit is equal to 100% in the first taxable year after the transfer; 75% in the second taxable year; 50% in the third taxable year; and 25% in the fourth taxable year. The property tax credit phases out after the fourth taxable year.

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

Fiscal Summary

State Effect: None.

Local Effect: Charles County property tax revenues may decrease by \$3,100 in FY 2011. The amount of the property tax credit declines by 25% per year over the following four years, beginning in FY 2012. Expenditures are not affected.

Small Business Effect: None.

Analysis

Current Law: Charles County is authorized to grant a property tax credit for real property that is owned by (1) nonprofit community or civic improvement associations or corporations, under specified circumstances; (2) the Greater Waldorf Jaycees; (3) the Southern Maryland Youth Organization; (4) specified agricultural land and property; and (5) Habitat for Humanity or any charitable organization holding that property with the intention of relinquishing ownership in the immediate future for charitable purposes. The county may also grant property tax credits for certain property located in a rural legacy area and property formerly used as a tobacco barn.

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.

Chapters 241 and 242 of 2009 authorized Dorchester and Talbot counties or a municipality in either county 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.

Local Fiscal Effect: The Charles County property tax rate is \$1.026 per \$100 of assessment. The State Department of Assessments and Taxation indicates that Habitat for Humanity of Charles County owns one residential property in White Plains that would qualify for the tax credit under the bill. The fiscal 2011 assessment for the property is \$304,770.

Based on the fiscal 2011 assessment and the current county property tax rate, property tax revenues for Charles County may decrease by \$3,127 in fiscal 2011 to the extent the credit is granted. The amount of the property tax credit declines by 25% per year over the following four years, beginning in fiscal 2012.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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ncs/hlb

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