

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

House Bill 1466

(Delegate Bohanan, *et al.*)

Ways and Means

Budget and Taxation

St. Mary's County - Property Tax Credit - Property Leased to Nonprofit Schools

This bill authorizes St. Mary's County or a municipality in the county to grant a property tax credit for property that is leased to a nonprofit school and is used exclusively for primary or secondary educational purposes. If granted, the property tax credit must remain in effect as long as the property is leased to a nonprofit school.

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

Fiscal Summary

State Effect: None.

Local Effect: St. Mary's County revenues may decrease by \$24,900 beginning in FY 2011, to the extent the tax credit is granted. County expenditures are not affected.

Small Business Effect: None.

Analysis

Current Law: St. Mary's County may grant a property tax credit for (1) property that is owned by the St. George's Island Improvement Association; (2) real property that is owned by the Seventh District Optimist Youth Foundation; (3) real property, including any improvements, that is subject to a State or a county land preservation program; and (4) real property that was formerly used solely as a tobacco barn and is subject to a tobacco buyout agreement.

St. Mary's County may also grant a property tax credit for real property used as a principal residence and owned by an individual at least 70 years old who is of limited income. This tax credit expires June 30, 2010.

Background: The St. Mary's County fiscal 2010 real property tax rate is \$0.857 per \$100 of assessment. Leonardtown, the only municipality in the county, has a municipal property tax rate of \$0.137 per \$100 of assessment.

Local Fiscal Effect: The State Department of Assessments and Taxation indicates that the Chesapeake Public Charter School leases property in St. Mary's County. The real property account is located in Lexington Park and consists of a 58,828 square foot structure on 5.9 acres, and has a fiscal 2011 assessment of approximately \$4.4 million. The school occupies and leases 66.7% of the property.

Property tax revenues in St. Mary's County will decrease to the extent the property tax credit is granted. As a point of reference, if the county decides to grant a property tax credit for the portion of the property leased by the Chesapeake Public Charter School in fiscal 2011, county property tax revenues will decrease by \$24,900.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): St. Mary's County, State Department of Assessments and Taxation, Department of Legislative Services

Fiscal Note History: First Reader - March 12, 2010
mam/hlb

Analysis by: Michael Sanelli

Direct Inquiries to:
(410) 946-5510
(301) 970-5510