

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 947

(Senator Edwards)

Budget and Taxation

Ways and Means

Allegany County - Property Tax Credit - WMHS Braddock Hospital Facility

This bill authorizes Allegany County and the City of Cumberland to grant a property tax credit for specified properties that were formerly designated and operated as the Western Maryland Health System (WMHS) Braddock Hospital.

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 \$60,400 and \$64,700, respectively for a specified property currently designated as taxable commercial. Local expenditures are not affected.

Small Business Effect: Minimal.

Analysis

Bill Summary: Allegany County or a municipality in the county is authorized to grant a property tax credit against the county or municipal property tax for any property that is (1) owned by Western Maryland Health System Corporation; (2) was formerly designated and operated as Western Maryland Health System Braddock Hospital; and (3) is vacant as a result of hospital consolidation and relocation approved by the Maryland Health Care Commission.

In addition, to encourage economic development in the area, the county or a municipality are authorized to grant a property tax credit for property that (1) was formerly owned by Western Maryland Health System Corporation; (2) was formerly designated and operated as Western Maryland Health System Braddock Hospital; (3) was formerly vacant as a result of hospital consolidation and relocation approved by the Maryland Health Care Commission; and (4) is owned, managed, or operated by a specified nonprofit organization under § 501(c)(3) or § 501(c)(6) of the Internal Revenue Code.

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.

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 there are two real property accounts with a total assessment of \$53.8 million associated with the WMHS Braddock Hospital facility in Cumberland. The first property designated as taxable commercial consists of a 45,272 square foot structure located on 1.3 acres; the fiscal 2011 assessment is \$6.7 million. The second property designated as tax-exempt commercial consists of a 415,072 square foot structure located on 21.5 acres; the fiscal 2011 assessment is \$47.1 million.

Property tax revenues in Allegany County or the City of Cumberland will decrease to the extent the property tax credit is granted. As a point of reference, if the county and city granted a property tax credit for the property currently designated as taxable commercial in fiscal 2011, county and city property tax revenues would decrease by \$60,400 and \$64,700, respectively. In addition, if the jurisdictions granted a property tax credit for the

second property and the tax classification changes from tax exempt to taxable, county and city property tax revenues would decrease by \$424,600 and \$454,700, respectively. **Exhibit 1** illustrates the potential impact on property tax revenues for Allegany County and the City of Cumberland.

Exhibit 1
Tax Credit – WMHS Braddock Hospital Facility

	Property 1	Property 2
	<u>Taxable Commercial</u>	<u>Tax-exempt Commercial</u>
Square Footage	45,272	415,072
Acres	1.33	21.46
Assessment	\$6,699,632	\$47,095,600
<i>Tax Rates</i>		
County	\$0.9016	\$0.9016
Municipal	\$0.9654	\$0.9654
<i>Revenue Decrease</i>		
County	\$60,404	\$424,614
Municipal	\$64,678	\$454,661
Total	\$125,082	\$879,275

Additional Information

Prior Introductions: None.

Cross File: HB 1219 (Allegany County Delegation) - Ways and Means.

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

Fiscal Note History: First Reader - March 19, 2010
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Analysis by: Michael Sanelli

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