

**Department of Legislative Services**  
Maryland General Assembly  
2011 Session

**FISCAL AND POLICY NOTE**

House Bill 480 (Carroll County Delegation)  
Ways and Means

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**Carroll County - Property Tax Credit for Housing Units at Independent Living Retirement Communities**

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This bill authorizes Carroll County, or a municipality in the county, to grant a property tax credit for that portion of real property owned by an independent living retirement community that is used as housing units. The county or municipalities are authorized to provide for the amount and duration of the tax credit, additional eligibility criteria for the tax credit, regulations and procedures for the application and uniform processing of requests for the tax credit, and any other provision necessary. If the tax credit is authorized the full benefit of the tax credit must be assigned to the residents of the independent living retirement communities.

The bill takes effect June 1, 2011, and applies to taxable years beginning after June 30, 2011.

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Carroll County revenues may decrease by \$1.2 million annually beginning in FY 2012 to the extent the tax credit is granted. The actual revenue decrease depends on the property tax assessment of eligible properties and the amount of the tax credit granted. County expenditures are not affected.

**Small Business Effect:** Minimal.

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## Analysis

**Bill Summary:** An independent living retirement community is a continuing care facility for the aged that: (1) provides specified continuing care; (2) is licensed as a hospital or related institution; (3) is certified by the Maryland Department of Aging; and (4) is exempt from federal income tax under § 501(c)(3) of the Internal Revenue Code or is owned or operated by a person that is exempt from federal income tax under § 501(c)(3) of the Internal Revenue Code.

**Current Law:** Carroll County is authorized to grant a property tax credit for (1) property owned by the Maryland Jaycees Foundation of Carroll County; (2) property leased and used by the Sykesville Little League; (3) residential property owned by specified seniors of limited income; (4) property located in designated geographic regions of the county; owned by specified classes of persons; and renovated, upgraded, or rehabilitated in accordance with eligibility criteria established by the county; and (5) property on which a person installs environmentally friendly or green technologies.

The Carroll County real property tax rate is \$1.048 per \$100 of assessment.

**Local Fiscal Effect:** There are 35 continuing care retirement communities in the State which are regulated by the Maryland Department of Aging, of which three are for-profit entities. These communities consist of 16,004 living units.

There are three independent living retirement communities located in Carroll County. Two of these communities – Carroll Lutheran Village and Fairhaven – are owned by nonprofit entities and consist of 826 living units. The third – Manchester Manor (with 34 units) – is owned by a for-profit corporation, but operated by a nonprofit entity. The bill authorizes the county to grant a property tax credit for that portion of real property owned by an independent living retirement community that is used as housing units. The Maryland Court of Appeals ruled in 1988 (*Supervisor of Assessments v. Asbury Methodist Home*) that independent living units at continuing care communities were taxable, and they continue to be taxable under current law.

The State Department of Assessments and Taxation has identified the real property tax accounts which are taxable at these communities. There are two taxable accounts located within the Fairhaven community with a fiscal 2012 assessment of \$39.0 million. There are 18 taxable accounts at Carroll Lutheran Village with a fiscal 2012 assessment of \$61.9 million. There are two taxable accounts at Manchester Manor with a fiscal 2012 assessment of \$9.1 million.

To the extent that a 100% tax credit is granted for the 860 living units, Carroll County property tax revenues may decrease by \$1.2 million beginning in fiscal 2012. The

estimate is based on 860 living units at the three independent retirement communities in Carroll County, as reported by the Maryland Department of Aging and fiscal 2012 property assessment data. To the extent that some of this property consists of property that is not used for housing units, the revenue decrease will be less than estimated.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 470 (Carroll County Senators) - Budget and Taxation.

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

**Fiscal Note History:** First Reader - February 18, 2011  
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