

SB 260

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE

Senate Bill 260 (Senator Astle, *et al.*)
Budget and Taxation

Anne Arundel County - Nonprofit Charter Schools - Property Tax Credit

This bill authorizes Anne Arundel County or a municipality in the county to grant a property tax credit for property that is leased to a nonprofit charter school and used exclusively for primary or secondary educational purposes. Anne Arundel County and municipal governments in the county are authorized to provide for the amount and duration of the tax credit, additional eligibility criteria, regulations and procedures for the application and uniform processing of requests for the tax credit, and any other provision necessary.

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

Fiscal Summary

State Effect: None.

Local Effect: Anne Arundel County revenues may decrease by \$72,900 beginning in FY 2012, to the extent the tax credit is granted. County expenditures are not affected.

Small Business Effect: None.

Analysis

Current Law: Schools and other educational institutions owned by a nonprofit organization are exempt from State and local property taxes. However, property that is leased to a school or educational institution is subject to State and local property taxes.

Background: According to the Maryland State Department of Education, there are 1,483 nonpublic elementary and secondary schools, and 42 charter schools in the State for the 2009-2010 school year. **Exhibit 1** shows the distribution of these schools by jurisdiction.

Chapter 472 of 2010 authorized 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.

Local Fiscal Effect: The State Department of Assessments and Taxation and the Maryland State Department of Education indicate that there are two charter schools that lease property in Anne Arundel County – the Chesapeake Science Point School and the Monarch Academy Public Charter School. These properties are located in Hanover and Glen Burnie, respectively. Chesapeake Science Point consists of a 41,393 square foot structure on 3.4 acres, and has a fiscal 2012 assessment of approximately \$4.3 million. Monarch Academy consists of a 55,185 square foot structure on 5.0 acres, and has a fiscal 2012 assessment of approximately \$4.0 million.

Property tax revenues in Anne Arundel 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 property leased by the Chesapeake Science Point and Monarch Academy in fiscal 2012, county property tax revenues will decrease by \$72,874 as shown below.

Impact on Anne Arundel County Revenues From Proposed Property Tax Credit

	<u>Property Assessment</u>	<u>County Tax Rate</u>	<u>Credit Percentage</u>	<u>Revenue Decrease</u>
Chesapeake Science Point	\$4,272,700	\$0.88	100%	\$37,600
Monarch Academy	4,008,400	0.88	100%	35,274
	\$8,281,000			\$72,874

Exhibit 1
Nonpublic and Charter Schools in Maryland

County	Nonpublic Schools	Charter Schools
Allegany	10	0
Anne Arundel	143	2
Baltimore City	151	33
Baltimore	224	1
Calvert	15	0
Caroline	5	0
Carroll	30	0
Cecil	20	0
Charles	31	0
Dorchester	8	0
Frederick	45	1
Garrett	7	0
Harford	47	0
Howard	90	0
Kent	7	0
Montgomery	336	0
Prince George's	185	4
Queen Anne's	11	0
St. Mary's	37	1
Somerset	3	0
Talbot	12	0
Washington	37	0
Wicomico	19	0
Worcester	10	0
	1,483	42

Source: Maryland State Department of Education; Department of Legislative Services

Additional Information

Prior Introductions: None.

Cross File: HB 33 (Delegate McConkey, *et al.*) - Ways and Means.

Information Source(s): State Department of Assessments and Taxation, Anne Arundel County, Maryland State Department of Education, Department of Legislative Services

Fiscal Note History: First Reader - February 7, 2011
mc/hlb

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