

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE

House Bill 558
Ways and Means

(Delegates Barve and Branch)

Budget and Taxation

Property Tax Credit - Habitat for Humanity

This bill expands an existing local option property tax credit for specified real property owned by Habitat for Humanity to include undeveloped land to be relinquished in the near future. Under current law, the tax credit is for property owned by Habitat for Humanity with the intention of relinquishing ownership in the immediate future and used exclusively for the purpose of rehabilitation and transfer to a private owner.

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

Fiscal Summary

State Effect: None.

Local Effect: County revenues may decrease by \$34,600 beginning in FY 2012, to the extent the property tax credit is granted. Local expenditures are not affected.

Small Business Effect: Minimal.

Analysis

Current Law: Chapters 328 and 329 of 2010 authorized local governments to grant a property tax credit against the county or municipal property tax for specified real property owned by Habitat for Humanity. Habitat for Humanity must submit a report to the appropriate jurisdiction where a tax credit has been granted each year that documents the organization's real property holdings in the jurisdiction and all transactions involving

such holdings. The local government may (1) set the amount, terms, scope, and duration of the credit; and (2) adopt any other provision necessary to administer the credit.

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

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, including 17 in Maryland.

Local Fiscal Effect: The bill allows property that is owned by Habitat for Humanity, but that is not yet developed to be eligible for the tax credit authorized by Chapters 328 and 329 of 2010. The State Department of Assessments and Taxation has identified 26 property accounts in four counties owned by various Habitat for Humanity affiliates that may be eligible for the property tax credit authorized by the bill. The total assessed value of these properties is \$3.8 million for fiscal 2012. Assuming the property tax credit is granted by all affected jurisdictions, county property tax revenues may decrease by \$34,600 beginning in fiscal 2012.

Exhibit 1 shows the number of eligible properties in each county where data is available, the total assessed value of these properties, and the associated county revenue loss. To the extent more properties become eligible for the tax credit in future years, revenues will decrease accordingly.

Exhibit 1
Property Tax Credit for Habitat for Humanity – Local Revenue Decrease
Fiscal 2012

County	Number of Accounts	Total Assessment	Tax Rate	Revenue Decrease
Allegany	0	\$0	\$0.9829	\$0
Anne Arundel	0	0	0.8800	0
Baltimore City	0	0	2.2680	0
Baltimore	0	0	1.1000	0
Calvert	0	0	0.8920	0
Caroline	0	0	0.8700	0
Carroll	0	0	1.0480	0
Cecil	0	0	0.9153	0
Charles	0	0	1.0260	0
Dorchester	0	0	0.8960	0
Frederick	0	0	1.0640	0
Garrett	3	59,760	0.9900	592
Harford	2	293,190	1.0420	3,055
Howard	0	0	1.1495	0
Kent	0	0	1.0220	0
Montgomery	10	2,607,100	0.9150	23,855
Prince George's	0	0	1.3190	0
Queen Anne's	0	0	0.7671	0
St. Mary's	11	823,210	0.8570	7,055
Somerset	0	0	0.8837	0
Talbot	0	0	0.4320	0
Washington	0	0	0.9480	0
Wicomico	0	0	0.7590	0
Worcester	0	0	0.7000	0
Statewide Total	26	\$3,783,260		\$34,557

Source: State Department of Assessments and Taxation; Department of Legislative Services

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Baltimore City, Howard and Montgomery counties, Habitat for Humanity, State Department of Assessments and Taxation, Department of Legislative Services

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ncs/hlb

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