

Department of Legislative Services  
Maryland General Assembly  
2012 Session

FISCAL AND POLICY NOTE  
Revised

House Bill 136  
Ways and Means

(Carroll County Delegation)

Budget and Taxation

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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, 2012, and applies to taxable years beginning after June 30, 2012.

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Carroll County revenues may decrease by at least \$1.1 million annually beginning in FY 2013 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:** The 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. An independent living retirement community is a community or 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; or offers an age-restricted life occupancy agreement and requires payment of an entrance fee.

**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 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 Carroll County real property tax rate is \$1.028 per \$100 of assessment.

**Local Fiscal Effect:** There are 37 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 16,336 living units/beds, of which 11,630 are independent living units.

There are two continuing care retirement communities located in Carroll County – Carroll Lutheran Village and Fairhaven – which are controlled nonprofit entities and consist of 531 living units. 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. There is also at least one retirement community – Manchester Manor (with 34 living units) – that offers an age-restricted life occupancy agreement and requires the payment of an entrance fee.

The State Department of Assessments and Taxation (SDAT) 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 2013 assessment of \$35.2 million. There are 18 taxable accounts at Carroll Lutheran Village with a fiscal 2013 assessment of \$60.5 million. Manchester Manor has two taxable accounts and has a fiscal 2013 assessment of \$8.4 million.

To the extent that a 100% tax credit is granted for the 565 living units, Carroll County property tax revenues may decrease by \$1.1 million beginning in fiscal 2013. The estimate is based on the living units at the three retirement communities in Carroll County and fiscal 2013 property assessment data.

To the extent that there are other communities that qualify for the tax credit, Carroll County property tax revenues will decrease accordingly.

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### **Additional Information**

**Prior Introductions:** HB 480 of 2011 received a hearing in the House Ways and Means Committee, but no further action was taken. Its cross file, SB 470, passed the Senate and received a hearing in the House Ways and Means Committee, but no further action was taken.

**Cross File:** None.

**Information Source(s):** Carroll County, State Department of Assessments and Taxation, Department of Health and Mental Hygiene, Maryland Department of Aging, Department of Legislative Services

**Fiscal Note History:** First Reader - January 27, 2012  
mc/hlb Revised - House Third Reader - March 30, 2012

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Analysis by: Michael Sanelli

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