

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

House Bill 450
Ways and Means

(Howard County Delegation)

Budget and Taxation

**Howard County - Property Tax Credit - Renovated, Upgraded, or Rehabilitated
Property
Ho. Co. 11-13**

This bill authorizes Howard County to grant a property tax credit for 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. Howard County may (1) specify the geographic areas of the county, classes of owners, and types of improvements to property that are eligible for the tax credit; (2) establish the amount and duration of the tax credit; (3) establish additional eligibility criteria; and (4) provide for any other provision necessary to carry out the tax credit.

The bill takes effect June 1, 2013, and applies to taxable years beginning after June 30, 2013.

Fiscal Summary

State Effect: None.

Local Effect: Howard County property tax revenues will decrease to the extent the county enacts the property tax credit. The amount of the decrease depends on a number of factors to be determined by the county. County expenditures are not affected.

Small Business Effect: Potential meaningful. Depending on the parameters for the property tax credit established by the county, small businesses may benefit from reduced property taxes.

Analysis

Current Law: Howard County is authorized by law to grant a property tax credit for (1) property that is owned by any community association that is used for community, civic, educational, library, or park purposes, not including a swimming pool, tennis court, or similar recreational facility; (2) real property that is subject to the county's agricultural land preservation program; (3) real property owned or occupied by a commercial or industrial business meeting certain requirements; (4) real property used as a therapeutic riding facility by a nonprofit organization that is exempt from taxation under § 501(c)(3) of the Internal Revenue Code; provides services to disabled individuals; and has at least 85% of its clients who are disabled individuals; and (5) owner-occupied residential real property that is jointly owned by an individual and the Howard County Housing Commission.

Local Fiscal Effect: To the extent that Howard County enacts the property tax credit authorized by the bill, county property tax revenues will decrease. The amount of the decrease depends on a number of factors to be determined by the county, including the types of businesses that qualify for the credit, the value of improvements made, and the amount of the tax credit.

The State Department of Assessments and Taxation indicates that in Howard County for fiscal 2013, 1,220 properties have commercial improvements, 533 vacant parcels have a commercial zoning, 586 properties have industrial improvements, and 240 vacant parcels have industrial zoning. For fiscal 2013, the average commercial assessment for improved properties is \$2.7 million, and the average industrial assessment for improved properties is approximately \$5.0 million.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - February 11, 2013
ncs/hlb

Analysis by: Michael Sanelli

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