

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

House Bill 263
Ways and Means

(Delegate Lafferty)

Budget and Taxation

Property Tax Credit - Historically and Architecturally Valuable Property

This bill expands an existing property tax credit for historically and architecturally valuable property by increasing the amount, from up to 10% to up to 25%, of the properly documented expenses incurred by a private owner taxpayer for restoration and preservation expenses for specified historic and architecturally valuable property that can be claimed as a property 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: Local property tax revenues may decrease in nine counties (Baltimore, Calvert, Cecil, Harford, Howard, Montgomery, Prince George's, St. Mary's, and Washington) to the extent these jurisdictions increase the amount of the property tax credit that is currently granted. Local expenditures are not affected.

Small Business Effect: Minimal.

Analysis

Current Law: Local governments are authorized to grant a property tax credit of up to 10% of the properly documented expenses of a private owner taxpayer for the restoration and preservation of a structure that the local government has determined to have historic or architectural value.

In addition, local governments are authorized to grant a property tax credit of up to 5% of the properly documented expenses of a private owner taxpayer for the construction of an architecturally compatible new structure in a historic district.

Background: Currently, nine counties (Baltimore, Calvert, Cecil, Harford, Howard, Montgomery, Prince George's, St. Mary's, and Washington) provide a property tax credit for up to 10% of the properly documented expenses of a private owner taxpayer for the restoration and preservation of a structure that the local government has determined to have historic or architectural value.

Local Fiscal Effect: Local property tax revenues may decrease in nine counties (Baltimore, Calvert, Cecil, Harford, Howard, Montgomery, Prince George's, St. Mary's, and Washington) to the extent these jurisdictions increase the amount of the property tax credit. The amount of the decrease depends on the number of eligible properties and the amount of eligible expenses incurred by the owners.

The following is a summary of the property tax credit activity in the counties currently granting the property tax credit.

- *Baltimore County* – has granted \$883,997 in property tax credits since fiscal 2007 including \$136,124 in fiscal 2012.
- *Calvert County* – has granted \$3,619 in property tax credits since fiscal 2010, including \$1,119 in fiscal 2012.
- *Cecil County* – has granted one property tax credit for \$213.
- *Harford County* – has granted \$17,307 in property tax credits since fiscal 2003 including \$7,994 in fiscal 2013; no property tax credits were granted from fiscal 2007 through 2011.
- *Howard County* – has granted \$49,021 in property tax credits since fiscal 2009, including \$9,041 in fiscal 2012.
- *Montgomery County* – has granted \$2.4 million in property tax credits since fiscal 1998 including \$234,850 in fiscal 2011.
- *Prince George's County* – has granted \$8,008 in property tax credits in fiscal 2012.

- *Washington County* – has granted \$3,615 in property tax credits in fiscal 2010 and 2011. The budgeted amount for fiscal 2013 totals \$6,000.

Additional Information

Prior Introductions: None.

Cross File: SB 144 (Senator Kasemeyer) - Budget and Taxation.

Information Source(s): Baltimore City; Baltimore, Calvert, Cecil, Harford, Howard, Montgomery, Prince George's, and Washington counties; State Department of Assessments and Taxation; Department of Legislative Services

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