

Department of Legislative Services  
Maryland General Assembly  
2015 Session

FISCAL AND POLICY NOTE

House Bill 607 (Prince George's County Delegation)  
Ways and Means

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Prince George's County - Property Tax - Transforming Neighborhood Initiative  
Residential Rehabilitation Tax Credit  
PG 414-15

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This bill authorizes Prince George's County to grant a property tax credit for specified residential qualified property purchased after being subject to foreclosure, short sale, or extended vacancy.

The bill takes effect June 1, 2015, and applies to taxable years beginning after June 30, 2015.

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Fiscal Summary

**State Effect:** None.

**Local Effect:** Prince George's County property tax revenues may decrease by a significant amount beginning in FY 2016 to the extent the property tax credit is granted. The amount of the decrease depends on the number of qualified residential properties that are purchased each year, the assessed value of each property, and prior year property taxes. Prince George's County may not approve more than \$2.0 million in total property tax credits. County expenditures are not affected.

**Small Business Effect:** None.

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Analysis

**Bill Summary:** The bill authorizes Prince George's County to grant a property tax credit for specified qualified property. A qualified property is residential real property that is (1) purchased after being subject to foreclosure, short sale, or extended vacancy; (2) within

a transforming neighborhood initiative area, as defined by Prince George's County; (3) purchased as an owner-occupied primary residence in which the purchaser resides for a period of at least five years; (4) purchased as an owner-occupied primary residence in which the purchaser spends more than \$30,000 to substantially renovate the interior and exterior of the property with renovations that may include a new roof; a new heating, ventilation, and air conditioning unit; new windows; and new appliances; and (5) zoned as single-family residential property, as defined by Prince George's County.

Extended vacancy means real property that has been (1) cited as vacant and abandoned on a housing or building violation notice for at least one year or (2) owned by Prince George's County for at least one year and is in need of substantial repair to comply with applicable county codes.

The amount of the property tax credit is equal to the sum of the property tax imposed on the qualified property in the two prior taxable years, not to exceed \$10,000. Prince George's County may not approve more than \$2.0 million in total property tax credits. Prince George's County must approve all applications for the property tax credit on a first-come, first-served basis.

Prince George's County may provide for (1) criteria for the designation of a transforming neighborhood initiative area; (2) additional eligibility criteria for the property tax credit; (3) regulations and procedures for the application, certification, and uniform processing of requests for the tax credit; (4) a requirement that a homeowner who does not live in the property for five years repay the amount of any property tax credit received to Prince George's County; and (5) any other provision necessary to carry out the tax credit.

**Local Fiscal Effect:** Prince George's County property tax revenues may decrease by a significant amount beginning in fiscal 2016 to the extent the property tax credit is granted. The amount of the decrease depends on the number of qualified residential properties that are purchased in a year, the assessed value of each property, and prior year property taxes, none of which can be reliably estimated. However, Prince George's County may not approve more than \$2.0 million in total property tax credits.

The State Department of Assessments and Taxation reports that there were 16,723 residential property transfers in Prince George's County during fiscal 2014; the average taxable assessment for these properties was \$274,827. The average property tax on these residential property transfers is approximately \$3,625, including the special county property tax rates. The Department of Housing and Community Development reports that there were 2,852 foreclosure events in Prince George's County in calendar 2014.

## **Additional Information**

**Prior Introductions:** HB 1012 of 2014, a similar bill, received a hearing in the House Ways and Means Committee, but no further action was taken.

**Cross File:** None.

**Information Source(s):** State Department of Assessments and Taxation, Prince George's County, Department of Legislative Services

**Fiscal Note History:** First Reader - February 23, 2015  
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