

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 261

(Senator Bates, *et al.*)

Budget and Taxation

Ways and Means

Property Tax Credit - Residential Property Damaged by Natural Disaster

This bill alters a local option property tax credit for property that has suffered flood or sewage damage by including damage caused by a natural disaster.

The bill takes effect June 1, 2017, and applies to taxable years beginning after June 30, 2017.

Fiscal Summary

State Effect: None.

Local Effect: Local property tax revenues may decrease to the extent the property tax credit is granted. The amount of the revenue decrease depends on the number of eligible properties, assessed property values, and local property tax rates. Local expenditures are not affected.

Small Business Effect: None.

Analysis

Current Law: Local governments are authorized to grant, by law, a property tax credit for residential real property that has been determined to have suffered flood damage or sewage damage caused by flood conditions.

Background: Data collected by the Department of Legislative Services during 2016 indicates that no counties have authorized the current property tax credit for flood or sewage damage.

Local Fiscal Effect: Local property tax revenues may decrease to the extent the property tax credit is granted. The amount of the revenue decrease depends on the number and types of natural disasters that may occur in any year, the number of affected properties, assessed property values, and local property tax rates. **Exhibit 1** shows the estimated effect on county property tax revenues if 10 homeowners in each county claimed the property tax credit in fiscal 2017.

Exhibit 1
Effect of 10 Property Tax Credits on County Revenues
Fiscal 2017

County	Property Tax Rate	Average Taxable Assessment	Revenue Decrease
Allegany	\$0.9770	\$94,878	(\$9,270)
Anne Arundel	0.9150	276,482	(25,298)
Baltimore City	2.2480	133,263	(29,958)
Baltimore	1.1000	226,681	(24,935)
Calvert	0.9520	263,809	(25,115)
Caroline	0.9800	178,051	(17,449)
Carroll	1.0180	302,051	(30,749)
Cecil	0.9914	292,387	(28,987)
Charles	1.2050	259,751	(31,300)
Dorchester	0.9760	194,673	(19,000)
Frederick	1.0600	293,806	(31,143)
Garrett	0.9900	120,058	(11,886)
Harford	1.0420	257,605	(26,842)
Howard	1.1900	379,774	(45,193)
Kent	1.0220	223,204	(22,811)
Montgomery	1.0382	328,888	(34,145)
Prince George's	1.3740	214,043	(29,410)
Queen Anne's	0.8471	337,525	(28,592)
St. Mary's	0.8523	262,461	(22,370)
Somerset	1.0000	104,915	(10,492)
Talbot	0.5471	250,991	(13,732)
Washington	0.9480	203,350	(19,278)
Wicomico	0.9516	160,278	(15,252)
Worcester	0.8350	216,166	(18,050)

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

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Caroline and Montgomery counties; cities of Baltimore and Bowie; State Department of Assessments and Taxation; Department of Legislative Services

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