

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 592

(Senator Edwards)

Budget and Taxation

Ways and Means

Allegany County - Property Tax Credits - Community Organizations and Lions Center

This bill authorizes Allegany County and municipalities in the county to grant a property tax credit for property that is owned by (1) the Frostburg Museum Association; (2) the Allegany County Animal Shelter Management Foundation; (3) the Family Junction; (4) the LaVale Swim Club; and (5) the Lions Center LLC, the Lions Center I LLC, or the Lions Center II LLC and known as the Lions Center for Rehabilitation and Extended Care.

The bill takes effect June 1, 2017, and applies retroactively to taxable years beginning after June 30, 2016.

Fiscal Summary

State Effect: None.

Local Effect: Local property tax revenues may decrease by \$54,300 annually in Allegany County, \$56,600 annually in the City of Cumberland, and \$2,600 annually in the City of Frostburg. The revenue decrease begins in FY 2017 to the extent the property tax credits are granted. Local expenditures are not affected.

Small Business Effect: Minimal.

Analysis

Current Law: **Exhibit 1** lists the current mandatory and optional property tax credits in Allegany County. The estimated county revenue loss due to these existing property tax

credits totals approximately \$325,000 in fiscal 2016. Allegany County will collect approximately \$40.9 million in property tax revenues in fiscal 2016.

Exhibit 1 **Allegany County Property Tax Credits**

Optional

Frostburg Community Hospital
Western Maryland Scenic Railroad
Frostburg Lions Club
La Vale Lions Club Foundation
Carver Community Center
Cumberland Cultural Foundation/Gilchrist Museum
Allegany County Agricultural Expo
Allegany County Building Trades Education Foundation
Bell Tower Building
Cumberland Outdoor Club
Public industrial park owned/managed/operated by a 501(c)(6)
Property subdivided for future residential development

Mandatory

Personal property owned by NPO TV broadcast translator station
South Cumberland Business and Civic Association
Bona fide labor union
Real property leased by religious organization to La Vale Athletic Association
Improvements to certified historical/agriculturally significant real property
Cresaptown Civic Improvement Association
Potomac Park Citizens Committee

Local Fiscal Effect: Authorizing the following five property tax credits may decrease local property tax revenues each year by approximately \$54,300 in Allegany County, \$56,600 in the City of Cumberland, and \$2,600 in the City of Frostburg. The revenue decrease begins in fiscal 2017 to the extent the property tax credits are granted.

Frostburg Museum Association

Allegany County indicates that the Frostburg Museum Association owns one property in the City of Frostburg that will eventually become the site of the Frostburg Museum. This
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building is currently undergoing renovations to accommodate the eventual hosting of the museum. The State Department of Assessments and Taxation advises that the fiscal 2017 assessment of the building totals \$410,700. As a result of the property tax credit under the bill, county property tax revenues may decrease by \$3,503 annually beginning in fiscal 2017, and property tax revenues for the City of Frostburg may decrease by \$2,628 annually. This estimate is based on a county property tax rate of \$0.853 and a municipal property tax rate of \$0.64.

Allegany County Animal Shelter Management Foundation

The Allegany County Animal Shelter Management Foundation owns one building located in the City of Cumberland with an assessed value of \$513,900 in fiscal 2017. As a result of the property tax credit under the bill, county property tax revenues may decrease by \$4,342 annually beginning in fiscal 2017, and property tax revenues for the City of Cumberland may decrease by \$4,959. This estimate is based on a county property tax rate of \$0.845 and a municipal property tax rate of \$0.965.

Family Junction

The Family Junction owns one building located in the City of Cumberland with an assessed value of \$136,200 in fiscal 2017. As a result of the property tax credit under the bill, county property tax revenues may decrease by \$1,151 annually beginning in fiscal 2017, and property tax revenues for the City of Cumberland may decrease by \$1,314. This estimate is based on a county property tax rate of \$0.845 and a municipal property tax rate of \$0.965.

LaVale Swim Club

The fiscal 2017 real property assessment for property owned by LaVale Swim Club is \$132,200. As a result of the property tax credit under the bill, county property tax revenues may decrease by \$1,292 annually beginning in fiscal 2017. This estimate is based on a county property tax rate of \$0.977.

Lions Center for Rehabilitation and Extended Care

The fiscal 2017 real property assessment for property owned by the Lions Center for Rehabilitation and Extended Care in Cumberland is \$5.2 million. As a result of the property tax credit under the bill, county property tax revenues may decrease by \$44,030 annually beginning in fiscal 2017, and property tax revenues for the City of Cumberland may decrease by \$50,282. This estimate is based on a county property tax rate of \$0.845 and a municipal property tax rate of \$0.965.

Additional Information

Prior Introductions: None.

Cross File: HB 681 (Allegany County Delegation - Ways and Means) is identified as a cross file; however the bills are not identical.

Information Source(s): Allegany County; State Department of Assessments and Taxation; Department of Legislative Services

Fiscal Note History: First Reader - February 23, 2017
mm/hlb Third Reader - March 22, 2017
Revised - Amendment(s) - March 22, 2017

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