

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
First Reader

Bill Number (Senator Guzzone)
Budget and Taxation

Property Tax - Credit for Accessibility Design Features - Newly Constructed
Apartment Buildings

This bill alters a local option property tax credit for buildings with accessibility features by enabling newly constructed apartment buildings to qualify for the tax credit. In addition, the bill authorizes local governments to define the universal design features or accessibility enhancing design features that qualify for the tax credit.

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

Fiscal Summary

State Effect: None.

Local Effect: County and municipal property tax revenues may decrease beginning in FY 2018 to the extent that local jurisdictions grant the property tax credit and the changes to existing eligibility requirements result in additional persons becoming eligible for the property tax credit. The amount of the revenue decrease depends on the number of eligible apartment buildings, the value of newly constructed apartment buildings, and local property tax rates. Local expenditures are not affected.

Small Business Effect: Minimal.

Analysis

Bill Summary: A newly constructed apartment building is defined as an apartment building or complex that has not been previously occupied since its construction and for

which an occupancy permit was issued on or after June 1, 2017. A newly constructed apartment building does not include age-restricted adult housing.

Current Law: Chapter 645 of 2008 authorized local governments to grant a property tax credit for residential real property equipped with an accessibility feature. Local governments are authorized to provide for the amount and duration of the tax credit, additional eligibility criteria, regulations for the application and uniform processing of requests for the tax credit, and any other provision necessary.

Accessibility feature means (1) a no-step entrance allowing access into a residence; (2) interior passage doors providing at least a 32-inch-wide clear opening; (3) grab bars around a toilet, tub, or shower installed to support at least 250 pounds; (4) light switches, outlets, and thermostats placed in wheelchair-accessible locations; (5) lever handles on doors; and (6) universal design features or any accessibility enhancing design feature prescribed by the Department of Housing and Community Development under the Public Safety Article.

Background: Data collected by the Department of Legislative Services during 2016 indicates that only Howard and Montgomery counties have authorized the existing property tax credit. In Howard County, 5 taxpayers received \$10,738 in property tax credits in fiscal 2016. In Montgomery County, 12 taxpayers received \$22,154 in property tax credits.

Local Fiscal Effect: County and municipal property tax revenues may decrease beginning in fiscal 2018 to the extent that local jurisdictions grant the property tax credit and the changes to existing eligibility requirements result in additional persons becoming eligible for the property tax credit. The amount of the revenue decrease depends on the number of eligible apartment buildings, the value of newly constructed apartment buildings, and local property tax rates. Based on current practice in Howard and Montgomery counties, the average tax credit amount totaled approximately \$2,000 for each eligible residential unit in fiscal 2016.

Additional Information

Prior Introductions: None

Cross File: None

Information Source(s): Caroline and Montgomery counties; City of Bowie; Department of Housing and Community Development; State Department of Assessments and Taxation; Department of Legislative Services

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mm/hlb

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