

Department of Legislative Services  
Maryland General Assembly  
2019 Session

FISCAL AND POLICY NOTE  
Third Reader

Senate Bill 214

(Senator Edwards)

Budget and Taxation

Ways and Means

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Allegany County - Property Tax Credit - Cumberland Economic Development  
Corporation

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This bill authorizes Allegany County and municipalities in the county to grant a property tax credit for property that is owned by the Cumberland Economic Development Corporation. **The bill takes effect June 1, 2019, and applies to taxable years beginning after June 30, 2019.**

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Fiscal Summary

**State Effect:** None.

**Local Effect:** Local property tax revenues may decrease by at least \$2,100 annually in Allegany County and \$2,600 annually in the City of Cumberland. The revenue decrease begins in FY 2020 to the extent the property tax credit is granted. Local expenditures are not affected.

**Small Business Effect:** Potential meaningful. The Cumberland Economic Development Corporation could realize a significant reduction in county and municipal property taxes depending on the number of properties that it owns in any given year.

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Analysis

**Current Law:** Exhibit 1 lists the current mandatory and optional property tax credits that are granted in Allegany County. Allegany County will collect approximately \$42.8 million in property tax revenues in fiscal 2019. The City of Cumberland collected \$11.2 million in property tax revenues in fiscal 2017.

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**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  
Frostburg Museum Association  
Allegany County Animal Shelter Management Foundation  
Family Junction  
LaVale Swim Club  
The Lions Center for Rehabilitation and Extended Care

**Mandatory**

Personal property owned by nonprofit 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

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**Local Fiscal Effect:** The Cumberland Economic Development Corporation headquarters building is located in the City of Cumberland and has an assessed value of \$248,700 for fiscal 2019. As a result of the property tax credit under the bill, county property tax revenues may decrease by at least \$2,100 annually beginning in fiscal 2020, and property tax revenues for the City of Cumberland may decrease by at least \$2,600. This estimate is based on a county property tax rate of \$0.839 and a municipal property tax rate of \$1.06.

To the extent that the Cumberland Economic Development Corporation purchases properties in future years for which county and municipal property taxes are owed by the corporation, county and municipal property tax revenues would decrease accordingly. Allegany County reports that the corporation sold 37 properties at the end of calendar 2018 and paid \$13,100 in county property taxes and \$16,500 in city property taxes for fiscal 2019.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 243 (Allegany County Delegation) - Ways and Means.

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

**Fiscal Note History:** First Reader - February 4, 2019  
md/hlb Third Reader - February 13, 2019

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