

Department of Legislative Services  
Maryland General Assembly  
2021 Session

FISCAL AND POLICY NOTE  
Third Reader

Senate Bill 794

(Wicomico County Senators)

Budget and Taxation

Ways and Means

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**Wicomico County - Property Tax Credit - Hotel or Residential Development**

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This bill authorizes Wicomico County or a municipality in the county to grant a property tax credit for real property that is used for a hotel or residential development project. In order to qualify for the property tax credit, the project must (1) be newly constructed or involve substantial rehabilitation or revitalization of existing structures; and (2) substantially increase the assessed value of the property. The county or a municipality may provide for (1) the amount and duration of the tax credit; (2) eligibility requirements for the tax credit; (3) application procedures for the tax credit; and (4) any other provision necessary to carry out the tax credit. **The bill takes effect June 1, 2021, and applies to taxable years beginning after June 30, 2021.**

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Wicomico County and/or municipal property tax revenues decrease beginning in FY 2022 to the extent the property tax credit is authorized. The amount of the property tax revenue decrease depends on the number of properties that are eligible for the property tax credit, the assessed value of each property, and the amount of the property tax credit granted. Local expenditures are not directly affected.

**Small Business Effect:** Potential meaningful. Businesses qualifying for the property tax credit will pay less in county and/or municipal property taxes.

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## Analysis

**Local Fiscal Effect:** Wicomico County and/or municipal property tax revenues decrease beginning in fiscal 2022 to the extent the property tax credit is authorized. The amount of the property tax revenue decrease cannot be reliably estimated and depends on the number of properties that are eligible for the property tax credit, the assessed value of each property, and the amount of the property tax credit granted.

The City of Salisbury has a proposed tax credit program called the HORIZON Program to accelerate the construction and expansion of hotel and multifamily residential development in areas of Salisbury, including the Central Business Zoning District and the Riverfront Redevelopment Zoning District. The program is also intended to increase economic activity in downtown Salisbury. The proposed property tax credit is a 20-year credit based on the increased assessed value of each project at its completion. The amount of the tax credit decreases from 100% in the first five years to 40% in the last five years.

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### Additional Information

**Prior Introductions:** None.

**Designated Cross File:** HB 1179 (Wicomico County Delegation) - Ways and Means.

**Information Source(s):** Wicomico County; Department of Legislative Services

**Fiscal Note History:** First Reader - February 22, 2021  
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