

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 539

(Senators Elfreth and Beidle)

Budget and Taxation

Ways and Means

Anne Arundel County – Special Taxing Districts – Exemptions

This bill provides that, in Anne Arundel County, property that is exempt from State and county property taxes is also exempt from waterway improvement district and shore erosion control district assessments. **The bill takes effect June 1, 2022, and applies to taxable years beginning after June 30, 2022.**

Fiscal Summary

State Effect: None.

Local Effect: None. The bill codifies the current practice in Anne Arundel County regarding exemptions for waterway improvement district and shore erosion control district assessments. Anne Arundel County revenues and expenditures are not affected.

Small Business Effect: None.

Analysis

Current Law:

Real Property Tax Exemptions

Generally, the law exempts certain types of real property from property taxation such as government-owned, charitable, benevolent, educational, churches, veterans' organizations, fire companies, historical societies, and museums. The State Department of Assessments and Taxation is responsible for determining exemptions that are specified by law. The

department is required by law to assess all exempt real property, except property owned by the federal government.

While local governments have limited ability to alter real property exemptions, they have been granted broad authority to exempt certain types of personal property from property taxation. The types of property exempt from local taxation are enumerated in Title 7 of the Tax-Property Article. Exemptions apply to State property taxation as well, although the State does not tax personal property. The major exemptions from the local property tax are:

- local, State, and federal government property;
- property of religious organizations;
- cemeteries and mausoleums;
- nonprofit hospitals;
- portions of continuing care facilities for the elderly;
- property of charitable, fraternal, and educational institutions;
- property used for national defense or military housing;
- property of national veterans' organizations;
- homes of disabled veterans and the blind (partial exemption), or a surviving spouse of either;
- property of historical societies and museums;
- property owned by certain taxpayers engaged in building, operating, and managing nonprofit multifamily units, subject to local government approval; and
- property owned by fire companies, rescue squads, community water corporations, and housing authorities.

Special Taxing Districts

The Local Government Article authorizes 16 counties (Anne Arundel, Baltimore, Calvert, Caroline, Cecil, Charles, Garrett, Harford, Howard, Kent, Prince George's, Queen Anne's, St. Mary's, Washington, Wicomico, and Worcester) to establish special taxing districts, impose *ad valorem* or special taxes, and issue bonds to finance, refinance, or reimburse the cost of establishing, acquiring, designing, constructing, or extending adequate infrastructure improvements. These improvements include storm drainage systems, sewers, water systems, roads, bridges, culverts, tunnels, streets, sidewalks, lighting, parking, parks and recreation facilities, libraries, schools, transit facilities, solid waste facilities, and other infrastructure improvements. These improvements may be situated within the special taxing district or outside the special taxing district if the infrastructure improvement is reasonably related to other infrastructure improvements within the special taxing district.

Local Fiscal Effect: Anne Arundel County currently has 14 shore erosion control districts and 9 waterway improvement districts. In addition, the county has 74 special community benefits districts, which are not affected by the bill. It has been the current practice in Anne Arundel County to provide an exemption from the property tax assessment imposed by certain special taxing districts if the property received a similar exemption from the State and county property tax. In fiscal 2022, Anne Arundel County will receive approximately \$668,700 in property tax revenues from shore erosion control districts and \$138,000 in property tax revenues from waterway improvement districts. **Exhibit 1** shows the total amount of property tax revenues collected from each type of special taxing district.

Exhibit 1

Property Tax Revenues from Special Taxing Districts

Fiscal 2022

<u>Type of District</u>	<u>Number of Districts</u>	<u>Property Tax Amount</u>
Shore Erosion Control	14	\$668,652
Waterway Improvement	9	137,953
Community Benefits	74	8,478,717
Total	97	\$9,285,322

Source: Anne Arundel County

Additional Information

Prior Introductions: None.

Designated Cross File: HB 635 (Delegate Rogers, *et al.*) - Ways and Means.

Information Source(s): Anne Arundel County; Department of Legislative Services

Fiscal Note History: First Reader - February 14, 2022
fnu2/hlb Third Reader - March 22, 2022
Revised - Amendment(s) - March 22, 2022

Analysis by: Michael Sanelli

Direct Inquiries to:
(410) 946-5510
(301) 970-5510