

Department of Legislative Services
 Maryland General Assembly
 2025 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 1332 (Delegate Qi, *et al.*)
 Ways and Means

Property Tax - Exemption - Glenstone Foundation, Inc.

This bill exempts property owned by the Glenstone Foundation from State and local property taxes if the property is used exclusively for (1) the storage of art, art handling equipment, or exhibition supplies; (2) gardens, meadows, wildlife habitats, or forest preserves that support environmental conservation; or (3) housing for employees, including caretakers, security personnel, or conservators, who are essential to museum operations. **The bill takes effect June 1, 2025, and applies to taxable years beginning after June 30, 2025.**

Fiscal Summary

State Effect: Annuity Bond Fund (ABF) revenues decrease by approximately \$10,700 annually beginning in FY 2026. State expenditures are not significantly affected.

(in dollars)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
SF Revenue	(\$10,700)	(\$10,700)	(\$10,700)	(\$10,700)	(\$10,700)
Expenditure	0	0	0	0	0
Net Effect	(\$10,700)	(\$10,700)	(\$10,700)	(\$10,700)	(\$10,700)

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Montgomery County property tax revenues decrease by approximately \$100,000 annually beginning in FY 2026. County expenditures are not directly affected. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Current Law: Generally, the law exempts certain types of real property from property taxation such as government-owned, charitable, benevolent, educational, religious,

veterans' organizations, fire companies, historical societies, and museums. The State Department of Assessments and Taxation (SDAT) 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.

State Fiscal Effect: SDAT advises that there are 45 real property accounts belonging to the Glenstone Foundation, all of which are located in Montgomery County. Of these accounts, 40 currently receive a property tax exemption. The remaining 5 accounts have a taxable assessment of \$9.6 million. As a result of the property tax exemption under the bill, ABF revenues will decrease by \$10,700 annually beginning in fiscal 2026.

Impact on Debt Service Payments

Debt service payments on the State's general obligation (GO) bonds are paid from the ABF. Revenue sources for the fund include State property taxes, premium from bond sales, and repayments from certain State agencies, subdivisions, and private organizations. General funds may be appropriated directly to the ABF to make up any differences between the debt service payments and funds available from property taxes and other sources. The fiscal 2026 State budget includes \$1.4 billion for GO debt service costs, including \$181.7 million in general funds, \$1.2 billion in special funds from the ABF, \$1.7 million in transfer tax revenues, and \$2.6 million in federal funds.

Local Fiscal Effect: Based on the data used for the State revenue estimate, Montgomery County property tax revenues will decrease by approximately \$100,000 annually beginning in fiscal 2026. This estimate is based on a county property tax rate of \$1.0392 per \$100 of assessment.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

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

Fiscal Note History: First Reader - February 25, 2025
rh/hlb

Analysis by: Michael Sanelli

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