

**Department of Legislative Services**  
Maryland General Assembly  
2025 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

Senate Bill 344 (Senators Brooks and Watson)  
Budget and Taxation

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**Property Tax Credit - Retail Service Station Conversions**

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This bill authorizes local governments to grant a property tax credit for certain converted retail service stations. The bill also requires the State, to the extent provided in the State budget, to pay each county or municipality that grants the tax credit an amount equal to 50% of the property tax revenue that would have been collected if the tax credit had not been granted. **The bill takes effect June 1, 2025, and applies to taxable years beginning after June 30, 2025.**

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**Fiscal Summary**

**State Effect:** General fund expenditures may increase beginning in FY 2026 to reimburse local governments for property tax credits that are granted. Revenues are not affected.

**Local Effect:** Local property tax revenues may decrease beginning in FY 2026 to the extent the property tax credit is granted. Local expenditures are not affected.

**Small Business Effect:** Potential meaningful.

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**Analysis**

**Bill Summary:** Local governments are authorized to grant a property tax credit against the county or municipal property tax imposed on real property if the use of the real property has been converted from a retail service station to another retail use, a residential use, or a mixed retail and residential use. “Retail use” does not include use as a discount store or a self-service storage facility. “Discount store” is a retail store that offers for sale (1) a combination and variety of convenience and consumer shopping goods and (2) the majority of the items in the inventory at a price not to exceed \$5. Local governments may provide

for (1) the amount and duration of the property tax credit; (2) additional eligibility criteria for the property tax credit; (3) regulations and procedures for the application and uniform processing of requests for the property tax credit; and (4) any other provision necessary to carry out the property tax credit.

It is the intent of the General Assembly that a property tax credit that is authorized be granted primarily to defray costs associated with the removal of underground storage tanks and the remediation of any contamination associated with underground storage tanks.

**Current Law:** None applicable.

**State Expenditures:** General fund expenditures increase in any fiscal year that local governments grant the property tax credit authorized by the bill, as the bill requires the State to reimburse local governments for 50% of the property tax revenue that would have been collected if the tax credit had not been granted, to the extent funding is provided in the State budget. The amount of the expenditure increase depends on the amount of property tax credits that are granted in any fiscal year. The State Department of Assessments and Taxation reports that there are 4,700 properties that are classified as a retail service station.

**Local Revenues:** Local property tax revenues may decrease beginning in fiscal 2026 to the extent the property tax credit is granted. The amount of the revenue decrease depends on the number of converted retail service stations, the assessed value of each, local property tax rates, and the amount and duration of the property tax credit. The State is required to reimburse local governments for 50% of the property tax revenue that would have been collected if the tax credit had not been granted, to the extent funding is provided in the State budget, which will offset the overall local revenue loss.

**Small Business Effect:** Small businesses involved in the conversion of retail service stations may be meaningfully impacted by the authorization of a property tax credit for retail service station conversion.

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### **Additional Information**

**Recent Prior Introductions:** Similar legislation has been introduced within the last three years. See HB 12 and SB 67 of 2024 and HB 889 of 2023.

**Designated Cross File:** HB 341 (Delegate Ruth, *et al.*) - Ways and Means.

**Information Source(s):** Anne Arundel, Baltimore; Frederick; and Montgomery counties; Maryland Association of Counties; cities of Frederick and Havre de Grace;

Maryland Municipal League; Department of Budget and Management; State Department of Assessments and Taxation; Department of Legislative Services

**Fiscal Note History:** First Reader - January 27, 2025  
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Analysis by: Michael Sanelli

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