

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

Senate Bill 596

(Washington County Senators)

Budget and Taxation

Ways and Means

Property Tax Exemption and Payment in Lieu of Taxes - The Hagerstown Multi-Use Sports and Events Facility, Inc.

This bill exempts property owned by the Hagerstown Multi-Use Sports and Events Facility, Inc. from property tax if it is used primarily for public social, recreational, and entertainment purposes. The facility may pay to Washington County or the City of Hagerstown an amount, if any, that may be set by mutual agreement in lieu of the taxes that would otherwise be due on all or part of the facility. **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 \$40,100 annually beginning in FY 2026. State expenditures are not affected.

Local Effect: Washington County property tax revenues decrease by \$287,800 annually and Hagerstown property tax revenues decrease by \$359,200 annually beginning in FY 2026. Local expenditures are not affected. The decrease in county and municipal property tax revenues may be mitigated by negotiated payment in lieu of taxes (PILOT) agreements between the local governments and the facility owners. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: Minimal.

Analysis

Current Law: A PILOT is an agreement between a jurisdiction and a developer, business, or landowner that substitutes a negotiated payment for annual real estate taxes that are

traditionally due on a property. The [*Guide to Local Government Taxing Authority*](#) provides an overview on each county government's statutory authority to impose local taxes and establish tax credits and exemptions, including PILOTs.

State Fiscal Effect: The State Department of Assessments and Taxation advises that there are five real property accounts belonging to the Hagerstown Multi-Use Sports and Events Facility, all of which are located in the City of Hagerstown (Washington County). These accounts have a fiscal 2025 taxable assessment of \$35.8 million. As a result of the property tax exemption under the bill, ABF revenues will decrease by \$40,100 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 \$154.7 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, Washington County property tax revenues will decrease by \$287,800 annually beginning in fiscal 2026 and Hagerstown property tax revenues will decrease by \$359,200 annually beginning in fiscal 2026. This estimate is based on a Washington County property tax rate of \$0.8030 per \$100 of assessment and a Hagerstown property tax rate of \$1.002 per \$100 of assessment. However, the decrease in county and municipal property tax revenues may be mitigated by negotiated PILOT agreements between the county and municipal governments and the facility owners.

Additional Information

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

Designated Cross File: HB 750 (Washington County Delegation) - Ways and Means.

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

Fiscal Note History: First Reader - February 9, 2025
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