SB 982

Department of Legislative Services

Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

Senate Bill 982 (Senator Giannetti)
Budget and Taxation Ways and Means

Property Tax Credit - Nonprofit Swim Clubs

This bill authorizes local governments to grant, by law, a property tax credit against the property tax imposed on a nonprofit swim club that uses its facilities exclusively to provide a recreational outlet for a local community. Local governments are authorized to provide, by law, for the amount and duration of the credit and any other provision necessary.

The bill takes effect June 1, 2006 and is applicable to taxable years beginning after June 30, 2006.

Fiscal Summary

State Effect: None.

Local Effect: County property tax revenues could decrease by $428,000 in FY 2007 and by $798,100 in FY 2011. Expenditures would not be affected.

Small Business Effect: None.

Analysis

Current Law: If a swimming pool is owned by a community and every member of the community has access to the pool and other associated property, the State Department of Assessments and Taxation (SDAT) does not place an assessed value on the pool. The value of the pool is assumed in the value of each property that has an interest in the pool (the right to use it). The bill does not affect these swimming pools.

Background: SDAT has identified 46 properties in 10 counties that are owned by nonprofit swim clubs that would be eligible for the tax credit. These counties include Allegany, Anne Arundel, Baltimore, Carroll, Charles, Harford, Howard, Montgomery, Prince George's, and Washington. The real property assessment on these properties total $37.5 million in fiscal 2007 and $73.3 million in fiscal 2011. The personal property assessment for these properties total $0.9 million in fiscal 2007.

The supervisor of assessments in Calvert, Caroline, Cecil, Dorchester, Frederick, Garrett, Kent, Queen Anne's, St. Mary's, and Talbot counties could not determine taxable accounts which would qualify for the tax credit.

Local Fiscal Effect: Assuming each county provides a 100% tax credit for eligible properties, county property tax revenues could decrease by $428,000 in fiscal 2007 and by $798,100 in fiscal 2011.

Appendices 1 and **2** show the real property assessment and the corresponding revenue decrease from a 100% tax credit for each eligible property in fiscal 2007 through 2011. **Appendix 3** shows the personal property assessment and the corresponding revenue decrease from a 100% tax credit for each eligible property in fiscal 2007. **Appendix 4** summarizes the potential revenue decrease from granting a 100% tax credit for real property for each of the eight counties with eligible properties identified by SDAT.

Additional Information

Prior Introductions: None.

Cross File: HB 1158 (Delegate Moe, *et al.*) – Ways and Means.

Information Source(s): State Department of Assessments and Taxation, Baltimore City, Calvert County, Caroline County, Howard County, Montgomery County, Prince George's County, City of Frederick, City of Glen Arden, City of Havre de Grace, Town of Indian Head, Town of Rising Sun, Department of Legislative Services

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