

Department of Legislative Services  
Maryland General Assembly  
2014 Session

FISCAL AND POLICY NOTE  
Revised

House Bill 863

(Delegate McIntosh, *et al.*)

Ways and Means

Budget and Taxation

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Property Tax - Exemption - Community-Managed Open Space

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This bill authorizes a county or municipality to provide an exemption against local property taxes for property owned by a “community open space management entity.” County and municipal governments are authorized to enact regulations, procedures, and any other provisions necessary to carry out the exemption.

The bill takes effect June 1, 2014, and applies to taxable years beginning after June 30, 2014.

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Fiscal Summary

**State Effect:** None.

**Local Effect:** Potential minimal decrease in local property tax revenues beginning in FY 2015 depending on the number and location of community open space management entities. Expenditures are not affected.

**Small Business Effect:** Minimal.

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Analysis

**Bill Summary:** Community-managed open space is defined as a local park, garden, woods, or other predominantly undeveloped area that is utilized and cared for by the local community in a natural or cultivated state for the general benefit of the local community.

A community open space management entity is a nonprofit organization that has a cooperative agreement with the Maryland Environmental Trust and the purposes of

which are primarily to (1) preserve community-managed open spaces in fully developed areas; (2) acquire, sell, lease, transfer, manage, establish, or hold easements to parcels of land for use as community-managed open space in fully developed areas; and (3) encourage, support, and facilitate the participation of communities in the beautification, maintenance, and preservation of community-managed open spaces in fully developed areas.

**Current Law:** Generally, State 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 real 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.

**Background:** Baltimore Green Space is a 501(c)(3) nonprofit organization that was founded in 2007 by a group of community gardeners who wanted to see their communities' open spaces remain available to residents. Baltimore Green Space is a land trust that partners with communities to preserve and support community gardens, forest patches, pocket parks, and other community-managed open spaces.

**Local Fiscal Effect:** Local property tax revenues may decrease by a minimal amount beginning in fiscal 2015 to the extent there are properties owned by community open space management entities that are not currently exempt from local property taxes. The State Department of Assessments and Taxation has identified one community open space management entity – Baltimore Green Space – which is located in Baltimore City.

The State Department of Assessments and Taxation reports that Baltimore Green Space has 47 real property accounts and that none of them are currently taxable. However, Baltimore City has identified 50 properties owned by Baltimore Green Space, of which two are taxable accounts. Baltimore City reports that these two properties have a total taxable assessed value of \$14,000. Based on this information, the exemption provided by the bill may result in a decrease in Baltimore City property tax revenue of approximately \$315 in fiscal 2015.

Future year decreases in Baltimore City will depend on the number of properties acquired by Baltimore Green Space and the assessed value of each. Property tax revenues in other counties and municipalities will decrease to the extent there are community open space management entities located within the local jurisdiction.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** State Department of Assessments and Taxation, Baltimore City, Department of Legislative Services

**Fiscal Note History:** First Reader - February 25, 2014  
ncs/hlb Revised - House Third Reader - March 24, 2014  
Revised - Enrolled Bill - May 6, 2014

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