

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1120 (Delegate Acevero)
Ways and Means

Property Tax – Special Use Assessment of Country Clubs and Golf Courses –
Repeal

This bill repeals a special use assessment for land of a country club or golf course. **The bill takes effect June 1, 2021, and applies to taxable years beginning after June 30, 2021.**

Fiscal Summary

State Effect: Annuity Bond Fund (ABF) revenues increase by approximately \$445,100 annually beginning in FY 2022. State expenditures are not affected.

Local Effect: Local property tax revenues increase by approximately \$4.8 million annually beginning in FY 2022. Local expenditures are not affected.

Small Business Effect: Potential meaningful. Owners of small golf courses will have to pay more in State and local property taxes.

Analysis

Current Law: For assessment purposes, property in the State is divided into two classes of property – real and personal – and each property class consists of several subclasses.

Real property is divided into the following subclasses: (1) land that is actively devoted to farm or agricultural use; (2) marshland; (3) woodland; (4) land of a country club or golf course; (5) land that is used for a planned development; (6) rezoned real property that is used for residential purposes; (7) operating real property of a railroad; (8) operating real property of a public utility; (9) specified income producing real property; (10) conservation property; and (11) all other real property that is assessed.

Assessment of Golf Courses and Country Clubs

A golf course that is open to the public is eligible for a special use assessment if it is located on at least 50 acres of land on which is maintained a regular or championship golf course of at least nine holes.

A country club is eligible for a special use assessment if it (1) has at least 100 members, who pay dues averaging \$50 or more annually for each member; (2) restricts use of its facilities primarily to members, families, and guests; and (3) is located on at least 50 acres of land, on which is maintained a regular or championship golf course of at least nine holes and a clubhouse.

The State Department of Assessments and Taxation (SDAT) may make agreements with country clubs and golf courses that specify the manner of assessing the land of a country club or golf course. All of these agreements must contain uniform provisions. An agreement must be for at least 10 consecutive years or for a longer period as determined by the country club or golf course and SDAT. An agreement may be extended by increments of at least 5 years.

All property belonging to country clubs and golf courses are valued at market value, except for the acreage used for the actual golf course, which is subject to the special use assessment rates. The Budget Reconciliation and Financing Act of 2020 (Chapter 538) altered the special use assessment for country clubs and golf courses that enter into or extend the term of a specified agreement with SDAT on or after June 1, 2020. The special use assessment increases from \$1,000 per acre to the lesser of market value or \$2,000 per acre (year 1), \$3,500 per acre (year 2), and \$5,000 per acre (year 3). Beginning in the fourth year of the agreement or the extended term, the annual per acre assessment increases by a specified percentage based on a calculated assessment rate index.

State Fiscal Effect: ABF revenues increase by approximately \$445,100 beginning in fiscal 2022 as a result of repealing the special use assessment for land of country clubs and golf courses. The estimate is based on the following:

- there are 16,037 acres of land in the State that are subject to special use assessment agreements for country clubs and golf courses;
- the current assessed value of this land is approximately \$17.2 million;
- the market value assessment for this land is approximately \$414.5 million; the average market value per acre is approximately \$26,000; and,
- the State real property tax rate is \$0.112 per \$100 of assessment.

Local Fiscal Effect: Based on the data used for the State revenue estimate, discussed above, and an average local property tax rate of \$1.198 per \$100 of assessment, local property tax revenues could increase by \$4.8 million annually beginning in fiscal 2022. The actual amount of the increase in each county will depend on the number of country clubs and golf courses that are in each jurisdiction and local property tax rates.

Information on local property tax rates and revenue amounts for Maryland counties and Baltimore City can be found in the [County Revenue Outlook](#) report. A copy of the fiscal 2021 report is available on the Department of Legislative Services [website](#).

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Harford, Montgomery, and Talbot counties; State Department of Assessments and Taxation; Department of Legislative Services

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rh/hlb

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