

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 261

(Senator Simonaire)

Budget and Taxation

Rules and Executive Nominations

Anne Arundel County - Property Tax Credit for Business Entities - State of
Emergency

This bill authorizes Anne Arundel County to grant a property tax credit for real or personal property owned or leased by a business affected by a specified declared state of emergency. Anne Arundel County may provide, by law, 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. **The bill takes effect June 1, 2021, and applies to taxable years beginning after June 30, 2021.**

Fiscal Summary

State Effect: None.

Local Effect: Anne Arundel County property tax revenues decrease in any year in which there is a declared state of emergency, to the extent property tax credits are granted. The amount of the decrease depends on the number of businesses receiving property tax credits and the amount of the property tax credits. County expenditures are not affected.

Small Business Effect: Potential meaningful. Small businesses receiving property tax credits will benefit from a reduced property tax liability.

Analysis

Current Law: Under the Tax – Property Article, all local governments are subject to statewide mandatory tax credit programs and are authorized to grant tax credits for certain types of property. They also are subject to mandatory and optional tax credits specific to

individual counties and municipalities. The authority to grant local tax credits must be provided for in State law. A comprehensive overview on property tax credits in Maryland can be found in Chapter 2 of the [Guide to the Property Tax Structure in Maryland](#).

The Governor declared a public health emergency on March 5, 2020, with the declaration being extended several times since. The public health emergency is still in effect and the most recent renewal occurred on March 18, 2021.

Local Fiscal Effect: The bill authorizes Anne Arundel County to provide real or personal property tax credits to businesses that are affected by a declared state of emergency. As a result, Anne Arundel County property tax revenues may decrease in any year in which a state of emergency is declared, to the extent property tax credits are granted. The amount of the decrease depends on the number of businesses receiving property tax credits and the amount of the property tax credits.

Anne Arundel County advises that approximately 40% of real property tax revenues come from commercial properties. **Exhibit 1** shows the number of improved nonresidential properties and the corresponding assessed value. In addition, the county's business personal property tax base totals approximately \$1.6 billion in fiscal 2021.

Exhibit 1
Nonresidential Properties in Anne Arundel County
Fiscal 2021

<u>Use Category</u>	<u>Improved Properties</u>	<u>Assessed Value</u>
Agricultural	1,042	\$561,442,633
Country Club	7	19,859,533
Commercial	4,014	12,541,073,574
Industrial	480	3,422,051,176
Commercial Condominiums	1,701	738,442,901
Apartments	208	4,100,490,535
Commercial Residential	1,079	443,995,161
Total	8,531	\$21,827,355,513

Source: State Department of Assessments and Taxation

Additional Information

Prior Introductions: None.

Designated Cross File: HB 662 (Delegate Chisholm) - Ways and Means.

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

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