

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 740

(Frederick County Delegation)

Ways and Means

Budget and Taxation

Frederick County - Property Tax Credit for Property Located in Historic
District - Alterations

This bill alters a local property tax credit in Frederick County for property located in a historic district by repealing the calculation and duration of the property tax credit and instead authorizes Frederick County to provide 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, 2024, and applies to taxable years beginning after June 30, 2024.**

Fiscal Summary

State Effect: None.

Local Effect: Frederick County property tax revenues decrease by a minimal amount to the extent that property owners qualify for the property tax credit. County expenditures are not affected.

Small Business Effect: Potential meaningful. Eligible small businesses will realize a reduction in county property taxes.

Analysis

Current Law: Frederick County must grant a property tax credit against the county tax imposed on: (1) real property that is owned by the Emmitsburg Civic Association; and (2) real property on which an improvement is made to an existing structure that is located

in a historic district. The amount of the property tax credit for real property improvements in a historic district is equal to the following percentage of the increase that is due to the improvement: (1) 100% of the increase in the assessment of the real property in the first and second taxable years that the improved structure is subject to the county property tax; (2) 80% of the increase in the assessment of the real property in the third taxable year that the improved structure is subject to the county property tax; (3) 60% of the increase in the assessment of the real property in the fourth taxable year that the improved structure is subject to the county property tax; and (4) 40% of the increase in the assessment of the real property in the fifth taxable year that the structure is subject to the county property tax. The property tax expires at the end of the fifth taxable year.

Local Fiscal Effect: Frederick County property tax revenues decrease to the extent property owners qualify for the property tax credit. The amount of the revenue decrease depends on the eligibility criteria and amount of the property tax credit established by the county. Frederick County reports that no taxpayer received the property tax credit in fiscal 2023, and one taxpayer received a credit for \$3,436 in fiscal 2022.

Additional Information

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

Designated Cross File: SB 769 (Frederick County Senators) - Budget and Taxation.

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

Fiscal Note History: First Reader - February 16, 2024
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