

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 12

(Delegate Ruth, *et al.*)

Ways and Means

Property Tax Credit - Retail Service Station Conversions

This bill authorizes local governments to grant a property tax credit for certain converted retail service stations. The bill also requires the State, to the extent provided in the State budget, to pay each county or municipality that grants the tax credit an amount equal to 50% of the property tax revenue that would have been collected if the tax credit had not been granted. **The bill takes effect June 1, 2024, and applies to taxable years beginning after June 30, 2024.**

Fiscal Summary

State Effect: General fund expenditures may increase beginning in FY 2025 to reimburse local governments for property tax credits that are granted. Revenues are not affected.

Local Effect: Local property tax revenues may decrease beginning in FY 2025 to the extent the property tax credit is granted. Local expenditures are not affected.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: Local governments are authorized to grant a property tax credit against the county or municipal property tax imposed on real property if the use of the real property has been converted from a retail service station to another retail use, a residential use, or a mixed retail and residential use. “Retail use” does not include use as a discount store or a self-service storage facility. “Discount store” is a retail store that offers for sale (1) a combination and variety of convenience and consumer shopping goods and (2) the majority of the items in the inventory at a price not to exceed \$5. Local governments may 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.

Current Law: None applicable.

State Expenditures: General fund expenditures increase in any fiscal year that local governments grant the property tax credit authorized by the bill, as the bill requires the State to reimburse local governments for 50% of the property tax revenue that would have been collected if the tax credit had not been granted, to the extent funding is provided in the State budget. The amount of the expenditure increase depends on the amount of property tax credits that are granted in any fiscal year. The State Department of Assessments and Taxation reports that there are 4,700 properties that are classified as a retail service station.

Local Revenues: Local property tax revenues may decrease beginning in fiscal 2025 to the extent the property tax credit is granted. The amount of the revenue decrease depends on the number of converted retail service stations, the assessed value of each, local property tax rates, and the amount and duration of the property tax credit. The State is required to reimburse local governments for 50% of the property tax revenue that would have been collected if the tax credit had not been granted, to the extent funding is provided in the State budget, which will offset the overall local revenue loss.

Small Business Effect: Small businesses involved in the conversion of retail service stations to the other uses specified in the bill may be meaningfully impacted by the authorization of a property tax credit for retail service station conversion.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See HB 889 of 2023.

Designated Cross File: SB 67 (Senator Brooks) - Budget and Taxation.

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

Fiscal Note History: First Reader - January 16, 2024
js/hlb

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