

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

House Bill 863
Ways and Means

(Delegate McIntosh, *et al.*)

Property Tax - Exemption - Baltimore Green Space

This bill exempts from State and local property taxes property that is owned by Baltimore Green Space and used exclusively as community-managed open space.

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

Fiscal Summary

State Effect: Minimal decrease in Annuity Bond Fund revenues beginning in FY 2015. Expenditures are not affected.

Local Effect: Minimal decrease in Baltimore City property tax revenues beginning in FY 2015. Expenditures are not affected.

Small Business Effect: Minimal.

Analysis

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.

State Fiscal Effect: Annuity Bond Fund revenues will decrease by a minimal amount beginning in fiscal 2015 to the extent there are properties owned by Baltimore Green Space that are not currently exempt from State and local property taxes.

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 will result in a decrease in State property tax revenue of \$16 in fiscal 2015. To the extent that Baltimore Green Space acquires more property in the future, State property tax revenues will decrease by a greater amount.

Debt service payments on the State's general obligation bonds are paid from the Annuity Bond Fund. Revenue sources for the fund include State property taxes, premium from bond sales, and repayments from certain State agencies, subdivisions, and private organizations. General funds may be appropriated directly to the Annuity Bond Fund to make up any differences between the debt service payments and funds available from property taxes and other sources. The fiscal 2015 State budget includes \$1.0 billion for

general obligation debt service costs, including \$195.0 million in general funds, \$826.7 million in special funds from the Annuity Bond Fund, \$6.3 million in transfer tax revenues, and \$11.5 million in federal funds.

Local Fiscal Effect: Baltimore City property tax revenue will decrease by approximately \$315 in fiscal 2015. Future year decreases will depend on the number of properties acquired by Baltimore Green Space and the assessed value of each.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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mc/hlb

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