

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

Senate Bill 321

(Senator Jackson)

Budget and Taxation

Ways and Means

Property Tax - Credit for Hotel or Residential Development Projects

This bill authorizes local governments to grant, by law, a property tax credit against the county or municipal property tax imposed on real property that is used for specified hotel or residential development projects. The bill also repeals certain provisions relating to a similar property tax credit authorized for development projects in Wicomico County (Chapters 715 and 716 of 2021). However, the bill does not affect hotel or residential development projects in Wicomico County that began on or after July 1, 2021, but before June 1, 2024. **The bill takes effect June 1, 2024, and applies to taxable years beginning after June 30, 2024.**

Fiscal Summary

State Effect: None.

Local Effect: County and municipal property tax revenues decrease beginning in FY 2025 to the extent the property tax credit is authorized. The amount of the property tax revenue decrease depends on the number of properties that are eligible for the property tax credit, the assessed value of each property, and the amount of the property tax credit granted. Local expenditures are not directly affected.

Small Business Effect: Potential meaningful. Businesses qualifying for the property tax credit will pay less in county and municipal property taxes.

Analysis

Bill Summary: The bill authorizes county and municipal governments to grant, by law, a property tax credit against the county or municipal property tax imposed on real property that is used for a hotel or residential development project that is newly constructed or involves substantial rehabilitation or revitalization of existing structures. To qualify for the property tax credit, a hotel must substantially increase the assessed value of the property. For a residential development to qualify for the property tax credit, the project must (1) include at least 20 residential units and (2) have at least 15% of all residential units within the development that are affordable to households earning less than 80% of the area median income.

Local governments may provide, by law, for (1) the amount and duration of the property tax credit; (2) eligibility requirements for the property tax credit; (3) application procedures for the property tax credit; and (4) any other provision necessary to carry out the property tax credit.

Current Law: Chapters 715 and 716 authorized Wicomico County or a municipality in the county to grant a property tax credit for real property that is used for a hotel or residential development project. In order to qualify for the property tax credit, the project must (1) be newly constructed or involve substantial rehabilitation or revitalization of existing structures and (2) substantially increase the assessed value of the property. The county or a municipality may provide for (1) the amount and duration of the tax credit; (2) eligibility requirements for the tax credit; (3) application procedures for the tax credit; and (4) any other provision necessary to carry out the tax credit.

Local Fiscal Effect: County and municipal property tax revenues decrease beginning in fiscal 2025 to the extent the property tax credit is authorized. The amount of the property tax revenue decrease cannot be reliably estimated and depends on the number of development projects that are eligible for the property tax credit in each authorizing jurisdiction, the assessed value of each eligible project, and the amount of the property tax credit granted.

Additional information on local property tax rates and revenues can be found in the [County Revenue Outlook Report – Fiscal 2024](#). A copy of the report is available on the Department of Legislative Services website.

Additional Information

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

Designated Cross File: None.

Information Source(s): Baltimore City; Harford, Montgomery, and Wicomico counties; cities of College Park and Frostburg; Maryland Municipal League; State Department of Assessments and Taxation; Department of Legislative Services

Fiscal Note History: rh/hlb
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