

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1151
Ways and Means

(Delegates Mathias and Conway)

Budget and Taxation

**Worcester County - Property Tax Credit - Historically Operated Amusement
Park**

This bill authorizes Worcester County or a municipality in Worcester County to grant, by law, a property tax credit for real property used as an historically operated amusement park. The county or municipal government may provide, by law, for the amount and duration of the credit, additional eligibility criteria, regulations and procedures for the application and uniform processing of requests for the credit, and any other provisions necessary to carry out the credit.

The bill takes effect June 1, 2008 and applies to all taxable years beginning after June 30, 2008.

Fiscal Summary

State Effect: None.

Local Effect: Worcester County revenues could decrease by \$80,800 beginning in FY 2009 and Ocean City revenues could decrease by \$47,300, assuming both jurisdictions provide a 100% tax credit for eligible property. Expenditures would not be affected.

Small Business Effect: Minimal.

Analysis

Bill Summary: An historically operated amusement park is defined as real property that is used for mechanical amusement rides, games, and concessions that have • been continuously owned by members of the same family or by entities of which members of the same family own a controlling interest; • been operated at the same general location for a period of more than 100 years and continue to be operated at the same general location; and • have created a tourist destination at a boardwalk.

Current Law: Worcester County is authorized to grant a property tax credit for property that • is owned by the Berlin Community Improvement Association; • is owned by the Marlin Park Association; • is owned or leased by the Greater Ocean City Health Service Corporation; • is owned by the Ocean City Amusement and Fishing Pier; • is owned by the Ocean City Chamber of Commerce; and • is owned by the Pocomoke City Chamber of Commerce.

Local Fiscal Effect: The bill applies to two properties owned by Windsor Resorts, Inc. in Ocean City. The State Department of Assessments and Taxation indicates that these properties have a total real property assessment of \$11.5 million for fiscal 2009. Assuming that Worcester County and Ocean City both provide a 100% tax credit for these properties, local property tax revenues could decrease by \$80,800 and \$47,300, respectively, beginning in fiscal 2009, as shown in **Exhibit 1**. The estimate assumes that current local property tax rates remain constant, both jurisdictions provide a 100% tax credit, and an estimated 8% annual assessment increase which reflects past assessment growth and the slow down in the real estate market.

Exhibit 1
Potential Effect of Tax Credit on Worcester County and Ocean City Revenues
Fiscal 2009-2013

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Total Assessment	\$11,548,200	\$12,472,100	\$13,469,900	\$14,547,500	\$15,711,300
<i>Local Tax Rates</i>					
Worcester County	\$0.70	\$0.70	\$0.70	\$0.70	\$0.70
Ocean City	\$0.41	\$0.41	\$0.41	\$0.41	\$0.41
<i>Local Revenue Loss</i>					
Worcester County					
100% Credit	-\$80,837	-\$87,305	-\$94,289	-\$101,833	-\$109,979
50% Credit	-40,419	-43,652	-47,145	-50,916	-54,990
25% Credit	-20,209	-21,826	-23,572	-25,458	-27,495
Ocean City					
100% Credit	-\$47,348	-\$51,136	-\$55,227	-\$59,645	-\$64,416
50% Credit	-23,674	-25,568	-27,613	-29,822	-32,208
25% Credit	-11,837	-12,784	-13,807	-14,911	-16,104

Additional Information

Prior Introductions: None.

Cross File: SB 816 (Senator Stoltzfus) – Budget and Taxation.

Information Source(s): State Department of Assessments and Taxation, Worcester County, Department of Legislative Services

Fiscal Note History: First Reader - March 10, 2008
ncs/hlb Revised - House Third Reader - March 25, 2008

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