

PRINCE GEORGE'S COUNTY COUNCIL
AGENDA ITEM SUMMARY

Meeting Date: 3/27/2001

Reference No.: CB-7-2001

Proposer: Russell

Draft No.: 1

Sponsors: Russell

Item Title: An Act granting a tax credit for certain real property
owned by the Lake Arbor Foundation, Incorporated

Drafter: Ralph E. Grutzmacher
Legislative Officer

Resource Nell Johnson
Personnel: Legislative Aide

LEGISLATIVE HISTORY:

Date Presented: 2/6/2001 **Executive Action:** 4/12/2001 S

Committee Referral: 2/6/2001 PSFM **Effective Date:** 5/29/2001

Committee Action: 2/15/2001 FAV

Date Introduced: 2/27/2001

Public Hearing: 3/27/2001 1:30 P.M.

Council Action: 3/27/2001 ENACTED

Council Votes: RVR:A, DB:A, JE:-, IG:A, TH:A, WM:A, AS:A, PS:A, MW:A

Pass/Fail: P

Remarks: _____

PUBLIC SAFETY & FISCAL MANAGEMENT COMMITTEE REPORT Date: 2/15/01

Committee Vote: Favorable, 4-0, (In favor: Councilmembers Bailey, Scott, Estep and Shapiro).

During the 2000 session, the General Assembly enacted enabling legislation (SB-98-2000) which authorized the County to provide a property tax credit for property owned by the Lake Arbor Foundation, Inc.

Section 9-318(c) of the Annotated Code of Maryland provides for Prince George's County to grant, by law, a credit against the County tax imposed on certain property owned by the Lake Arbor Foundation, Inc. The amount of the tax credit is equal to the County property tax and Special District taxes imposed on the property. The tax credit will be granted annually provided that each year the Lake Arbor Foundation, Inc., submits an application and proof of claim as required by the Director of Finance.

The Lake Arbor Foundation (Foundation) is a public foundation incorporated in the State of Maryland on October 6, 1997. The Foundation owns 6.7 acres of land in the Northhampton Resubdivision which consists of a swimming pool, tennis courts and clubhouse.

The Foundation has received an "Advance Ruling" from the IRS which states that the funds of the Foundation will be used for the purposes listed in Section 501(c)(3) of the IRS Code. This Advance Ruling is a provisional ruling that exempts the Foundation from federal income tax. During the period of the Advance Ruling, which began October 6, 1997 and ends December 31, 2001, the Foundation will be treated as a publicly supported organization and not as a private foundation.

There will be a negative fiscal impact on the County in the amount of approximately \$14,775 per year as a result of enacting CB-7-2001. The estimated amount is based on the most recent property tax bills.

BACKGROUND INFORMATION/FISCAL IMPACT

(Includes reason for proposal, as well as any unique statutory requirements)

In the 2000 session, the General Assembly enacted enabling legislation that authorized the County to provide a property tax credit for property owned by the Lake Arbor Foundation, Inc. The proposed legislation would grant a credit against County and special district taxes to the Foundation. The cost to the County is approximately \$12,000 per year in excused revenue.

CODE INDEX TOPICS: