



THE PRINCE GEORGE'S COUNTY GOVERNMENT
Office of Audits and Investigations

October 6, 2015

MEMORANDUM

TO: Robert J. Williams, Jr.
Council Administrator

William M. Hunt
Deputy Council Administrator

THRU: David H. Van Dyke *DHV*
County Auditor

FROM: Inez N. Claggett *INC*
Legislative Auditor

RE: Fiscal Impact Statement
CB-74-2015 Urban Agricultural Property Tax Credit

Pursuant to your request, we have reviewed CB-74-2015 to estimate its fiscal impact on Prince George's County, Maryland.

CB-74-2015 establishes a property tax credit for real property used for urban agricultural purposes and provides for the amount, duration and eligibility for the credit.

The proposed legislation would allow a credit for ninety percent (90%) of the amount of property tax imposed on an eligible property, after adjusting the imposed property tax for other applicable tax credits, for a five (5) year period. To qualify for the credit, property owners must complete the application provided by the Director of Finance, must own an eligible property, and must verify their agricultural product value exceeds five thousand dollars (\$5,000) or more per tax year, unless a waiver is granted. Credits shall be granted in the order in which applications are received and the total of all Urban Agricultural Property Tax Credits granted in a fiscal year shall not exceed one hundred thousand dollars (\$100,000.) The Director of Finance shall provide an annual report to the County Council, by December 31st of each year for the previous fiscal year, detailing the number of Urban Agricultural Property Tax Credit applications received, tax credits approved, and applications denied, by Council district.

Research conducted by the Office of Audits and Investigations detailed 1,124 improved real property accounts and 817 vacant real property accounts, within Prince George's County, coded as agricultural by the State Department of Assessments and Taxation. The combined assessable base for these agricultural properties totals \$264,945,401; which equates to \$2,649,454. (the base

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multiplied by the County tax rate of \$1.00 per \$100 of assessable base) in County real property tax revenue. We are unable to determine which of these properties would meet the criteria for eligibility for the proposed tax credit. If we assume each real property account produces \$5,000 in agricultural product annually, is at least one-eighth of an acre but not more than five (5) acres, and each account owner applies for the proposed tax credit, the County would easily reach the \$100,000 tax credit limit.

Enactment of CB-74-2015 could potentially have a negative fiscal impact on the County. The impact which cannot be reasonably estimated would be equal to the amount of urban agricultural tax credits approved, but not more than \$100,000, in each fiscal year.

If you require additional information, or have questions about this fiscal impact statement, please call me.