



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations

July 1, 2021

MEMORANDUM

TO: Robert J. Williams, Jr.
Council Administrator

William M. Hunt
Deputy Council Administrator

THRU: Josh Hamlin 
Senior Legislative Budget and Policy Analyst

FROM: Alex Hirtle 
Legislative Budget and Policy Analyst

Policy Analysis and Fiscal Impact Statement - **CORRECTED**
CB-045-2021 Property Tax Credit

CB-045-2021 (*proposed by: Councilmember Davis*)

Assigned to Committee of the Whole (COW)

AN ACT CONCERNING PROPERTY TAX CREDIT for the purpose of defining the Brown Station Road Sanitary Landfill Impact Zone and authorizing the partial property tax credit for residential real property located in an area adversely impacted by the Brown Station Road Sanitary Landfill.

Fiscal Summary

Direct Impact:

Expenditures: Additional expenditures for administrative costs for mailings and to process additional applications.

Revenues: Negative, in the form of up to roughly \$480,000 in additional credits granted.

14741 Governor Oden Bowie Drive, Upper Marlboro, Maryland 20772
VOICE (301) 952-3431; FAX (301) 780-2097; TDD (301) 925-5167

Indirect Impact:

None.

Legislative Summary:

CB-045-2021, sponsored by Council Member Davis, was presented on June 15th, 2021 and was referred to the Council of the Whole (COW). The Bill would allow a partial property tax credit for additional residential real property owners located in an area adversely impacted by the Brown Station Road Sanitary Landfill.

Current Law/Background:

The County Council enacted CB-069-1992 (codified at § 10-194.02 of the County Code) on July 28, 1992, which authorized a partial property tax credit for certain residential real property located in an area adversely impacted by a sanitary landfill. The Sandy Hill Sanitary Landfill (in north County) has closed since CB-069-1992 was enacted and the useful life of the Brown Station Road Sanitary Landfill was planned to be extended well beyond the projected life span. In 2017, the County determined further waste capacity in the landfill that could sustain full capacity for a minimum of 50 years.¹ In 2019, Area C of the landfill began design and permitting with expansion of full operation by January 2025.² In 2020, CB-82-2020 was passed which authorized an expansion of the partial tax credit for residential real property located within the impacted area of the Brown Station Road Sanitary Landfill. A cap of \$500,000 for an annual negative impact on the County tax base pertaining to that legislation was included in that bill.

Resource Personnel:

Michelle Russell, Acting Director, Department of the Environment
Linda Allen, Deputy Director of Finance

Discussion/Policy Analysis:

The proposed legislation redefines the areas where households with developed properties located near the Brown Station Road Sanitary Landfill would be eligible to receive a partial property tax credit. It increases the number of eligible households from 41 (whom currently receive the credit) to 2,080. This is achieved in large part through the new defined area of the Landfill Impact Zone

¹ Office of Finance, June 29, 2021 email.

² IBID.

map. Under the current draft of the bill, the eligible property owner still has to apply for the partial tax credit.

With the average tax credit per property for Fiscal Year 2022 set at \$236.55, providing the credit to all 2080 property owners would reduce the County’s tax base by \$492,024. Although CB-82-2020 provided for up to \$500,000 for this specific credit, this legislation (CB-045-2021) has an increase in the cap of \$100,000 to a total of \$600,000 for annual increases tied to the Consumer Price Index (CPI) to adjust for inflation. The property tax credit amount (under current law and under CB-02-2020) is paid from the site development and environmental surcharge collected pursuant to §21-123 and is equal to the average cost of refuse collection for the eligible property.

The redefined impact area for the partial tax credit was performed through discussions with the County Council, Department of Environment (DoE), and Office of Finance (OoF).³ The alterations were based on clearly defined physical boundaries that were used instead of the initial “radius” delineation that was in CB-82-2020.

The purpose of the legislation is to provide a partial tax credit for those residential property owners with a developed lot in “...an area adversely impacted by the Brown Station Sanitary Landfill”. DoE considers “areas impacted by waste traffic” as an area adversely impacted.⁴ It is difficult to determine the number of additional vehicles that may go down a road due to a nearby sanitary landfill, and to quantify their impact on a household would be even more difficult. Complicating this is that there are other impacts and nuisances of living near a landfill, including odors, noises, and additional traffic on a main road or highway adjacent to the community that may not be designated as “adversely impacted”. In fact, there are residential communities adjacent to Brown Station Road Sanitary Landfill north and east of Route 202 that may be impacted in some way by the continued operation of the landfill, but are not part of the areas identified for a partial tax credit. DoE should take this into consideration when and if they make future changes to the Landfill Impact Zone map.

There is also the issue of why development was allowed to continue for so long in the areas surrounding the landfill, even given that the County had proposed in 2000 to close the facility eleven years later (2011). Residents moving into the area knew there would be landfill traffic as well as other nuisances that would continue at least up until that calendar year, and although the County had determined in 2017 that the landfill could continue to operate at least another 50 years from that point, households that purchased real property in the impact area up to December 30th, 2020 will be eligible for the partial tax credit.

The Bill also maintains language stating that the partial property tax credit shall be granted annually as long as the Brown Station Road Sanitary Landfill is operating. Given that the current plan is to keep the landfill operating at this location for at least several more decades, this places the financial obligation on the County of providing the tax credit for a significant period. With the fiscal challenges the County has had in fully funding its departments and agencies to adequately

³ IBID

⁴ IBID

service its residents, the process of how and why this tax credit obligation came about needs to be carefully examined.

The policy of providing a tax credit to households near a permitted facility that is seen as a nuisance also leads to the question of whether this legislation sets a precedent for current or future permitted facilities, including organic composting grounds, concrete plants, and other industrial infrastructure.

Fiscal Impact:

- *Direct Impact*

Enactment of CB-045-2021 will have a significant negative fiscal impact on the County by reducing the amount of property taxes collected. According to the Treasury Division of the Office of Finance, there are currently 41 households that have applied for the partial property tax credit and receive \$236.55 annually, for a total cost of \$9,935.10 (annually) to the County. Under this new legislation, 2080 households will be eligible to receive the tax credit, for a total of \$492,024 annually reduced from the County tax base, assuming all 2080 households apply are approved. This figure will increase annually assuming the CPI is adjusted upward for inflation.

Additionally, mailings for the affected property owners will be sent out to each household included in the revised Landfill Impact Zone map at a cost of \$1-\$2 per household, adding \$2,080 to \$4,160 to the County's cost. Administrative costs for these mailings, as well as postings on the OoF website and staff time to take calls and explain the partial tax credit to property owners will also add a modest and indefinite amount to the fiscal impact.

- *Indirect Impact*

Enactment of CB-045-2021 will likely have no indirect fiscal impact.

- *Appropriated in the Current Fiscal Year Budget*

DoE reported it was not in their FY22 budget. OoF reported that funds are payable from site development environmental surcharge fees that the County collects.

Effective Date of Proposed Legislation:

This Act shall take effect forty-five (45) days after it becomes law.

If you require additional information, or have questions about this fiscal impact statement, please reach me via phone or email.