



**CECIL COUNTY, MARYLAND
DEPARTMENT OF FINANCE**

FISCAL IMPACT NOTE

SUMMARY OF LEGISLATION

SPONSOR: Council President Hodge at the request of the County Executive

RESOLUTION NO. 08-2016 – TAX CREDIT – NORTH EAST FIRE CO., INC.

Synopsis: Legislation to grant the North East Fire Co., Inc.’s request for a tax credit in accordance with Md. Code Ann., §§ 7-209 and 9-309 – Tax Property Article as it relates to property leased for not more than 60 days during any 12-month period under a contractual agreement for the operation of the fire company’s fire hall (banquet hall).

FISCAL IMPACT SUMMARY: There will be a net fiscal impact of (\$2996.37) of reduced property tax revenue to the County for Fiscal 2016, with subsequent impacts in the out years.

	Tax Rate	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
North East Fire Co., Inc.						
Assessment	0.9907	1,008,167	1,010,433	1,012,704	1,014,980	1,017,262
Current Exemption		705,717	707,303	708,893	710,486	712,083
Proposed Assessment Credit		302,450	303,130	303,811	304,494	305,178
Value of Proposed Credit		(2,996.37)	(3,003.11)	(3,009.86)	(3,016.62)	(3,023.40)

FISCAL ANALYSIS:

This legislation would exempt from local taxation property owned by the North East Fire Co., Inc., that is under contractual agreement for the operation of the fire company’s fire hall. Property is not subject to property tax if the property is owned by an incorporated, nonprofit fire company or rescue squad and is necessary for and actually used exclusively for the purposes of the fire company or rescue squad, including property that: (1) is used for training or fund raising at carnivals or bazaars; (2) is held in an advanced land acquisition program of the fire company or rescue squad; (3) is leased for not more than 60 days during any 12-month period, if the property is used for a purpose that is related to the purposes of the fire company or rescue squad and the rent that is received from the property is used exclusively for the purposes of the fire company or rescue squad; (4) is leased to any nonprofit organization, if the property is used for a purpose that is related to the purposes of the fire company or rescue squad and the rent that is received from the property is used exclusively for the purposes of the fire company or rescue squad; or (5) is used as a residence for an individual who is responsible for taking care of property owned by the fire company or rescue squad, is a member of the fire company or rescue squad,

is not an employee of the fire company or rescue squad, and is not under an obligation to pay for the use of the property.

In 2006, the State passed legislation (§7-209) that allowed the Perryville and Rising Sun Fire Company's respectively to be afforded this tax credit, and subsequently passed enabling legislation (§9-309) that would allow a County to provide this credit to additional fire companies if so requested. The North East Fire Co., Inc., has requested the County to provide this credit, and the applicant appears to meet the statutory requirements to qualify for receipt of this credit.