



FREDERICK COUNTY COUNCIL

Local Government Fiscal and Policy Note

CONTACT INFORMATION AND GENERAL INSTRUCTIONS

Bill Number/Reference:	23-22
Bill Title:	Day Care Provider Tax Credit
Local Government Agency:	Frederick County Finance Division
Prepared By:	Diane Fox
Title:	Director of Treasury
Phone Number:	11114
E-Mail Address:	dfox@frederickcountymd.gov
Due Date:	11/21/2023
Date Submitted:	11/13/2023

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Date:						
Please respond to the questions below. If you prefer to provide responses or additional information in a separate file or document, send the file or document in a separate e-mail to rcherney@frederickcountymd.gov with the bill number/reference in the subject line.						
1.	Describe the impact of this proposed legislation on your agency (operations, revenues, expenditures, etc). If there is no impact, <u>please explain why.</u>					
The proposed legislation serves to establish a property tax credit against the County property tax imposed on the improvement of real property if the improvement is used exclusively as a family child care home, licensed child care center, licensed day care center for the elderly or licensed day care center for certain adults. The tax credit is the lesser of \$3,000 or the amount of the County property tax attributable to that portion of the property for which the credit is granted. The credit has a duration of five years. The credit would reduce real property tax revenues as shown below.						
2.	Please indicate whether the proposed legislation will affect small businesses in Frederick County, and if it will, please provide any information you may have which could be useful in determining the economic impact on small businesses.					
The proposed legislation could have an impact on small businesses that operate as a care home or care center if they qualify. A qualified small business could receive a property tax credit of up to \$3,000 per tax year for five years.						
FISCAL IMPACT SUMMARY – SHOW (DECREASE) IN PARENTHESES						
<u>REVENUES</u>						
3.	Analysis of estimated increase (or decrease) in government revenues. Please estimate below any anticipated increase (or decrease) in revenues resulting from this legislation. Please be aware of any delayed effective dates in the bill or other factors that may cause revenue increases/decreases to begin in later years.					
Source		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Decrease in property tax revenues			(\$6,200)	(\$6,200)	(\$6,200)	(\$6,200)
TOTAL \$		\$	(\$6,200)	(\$6,200)	(\$6,200)	(\$6,200)
		Please explain how the above estimated increase(s) or decrease(s) were arrived at, including any calculations and/or assumptions made. Please also explain any variation if the revenue increase(s)/decrease(s) are not constant.				
Since it is difficult to estimate how many care providers would qualify for the credit, we reached out to Howard and Montgomery counties for data on their day care provider tax credits. In FY23, Howard County's credits totaled about \$6,200 and Montgomery County's credits totaled about \$10,000. Since we are closer in size to Howard County, we used their total for the estimated decrease in revenue.						

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<u>EXPENDITURES</u>						
4.	Analysis of estimated increase (or decrease) in government expenditures . Please estimate below any anticipated increase (or decrease) in expenditures resulting from this legislation. Please be aware of any delayed effective dates in the bill or other factors that may cause expenditure increases/decreases to begin in later years.					
A. Salaries & Wages		<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>
FTE Employees - _____ # of positions						
Fringe Benefits						
TOTAL (Salaries, wages & benefits)		\$	\$	\$	\$	\$
		Please provide an explanation of the need for the number and type of any personnel listed above, including (1) what specific provision(s) of the bill necessitate additional staff; (2) what the duties of each type employee will be; and (3) why existing personnel cannot absorb the additional work. Please also certify the wage/salary rate and % fringe rate (if differing rates apply) for each personnel classification.				
B. Other Operating Expenses		<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>
Technical/Special Fees, Grants/Subsidies						
Communications-Phone, Postage						
Travel, Food, Auto, Fuel & Utilities						
Contractual Services						
Supplies						
Equipment-Replacement						
Equipment-Additional						
Land & Structures, Fixed Charges						
Other (Please Specify on Extra Page(s))						
TOTAL (Expenditures)		\$	\$	\$	\$	\$
		On the next page, please provide brief descriptions/breakdowns of the above “Other Operating Expenses.”				
		Please explain below any additional calculations or assumptions made in estimating the “Other Operating Expenses” that will help us to understand the amounts and timing of the expenses.				
Additional staff will not be needed – applications can be processed by Treasury’s current staff.						

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4. (cont'd)

C. Operating Expense Descriptions/Breakdowns

Please provide below a short description of the specific purpose of each expense listed under 4B. If any amount(s) listed under 4B represent(s) a total of multiple expenses, provide a breakdown of the fiscal 2021 amount with a short description of each expense (for example, if \$2,500 is listed for Communications – Phone, Postage, a statement such as “\$1,500 for cellphone charges for two new inspectors and \$1,000 for postage for mailings to permittees to notify them of changes to inspection requirements.”)

Fiscal 2024 Expenditures

Technical/Special Fees, Grants & Subsidies description/breakdown	\$
Communications – Phone, Postage description/breakdown	\$
Travel, Food, Auto Operations, Fuel & Utilities description/breakdown	\$
Contractual Services description/breakdown	\$
Supplies description/breakdown	\$
Equipment-Replacement description/breakdown	\$
Equipment-Additional description/breakdown	\$
Land & Structures, Fixed Charges description/breakdown	\$
Other (Please Specify) description/breakdown	\$

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ADDITIONAL POLICY IMPLICATIONS/CONCERNS

**Please submit BY E-MAIL to: Ragen Cherney, Legislative Director/Chief of Staff
Frederick County Council • E-Mail: RCherney@FrederickCountyMD.gov**