



FREDERICK COUNTY COUNCIL

Local Government Fiscal and Policy Note

CONTACT INFORMATION AND GENERAL INSTRUCTIONS

| | |
|---------------------------------|--|
| Bill Number/Reference: | 24-11 |
| Bill Title: | Establish a Historic Preservation Tax Credit |
| Local Government Agency: | Finance/Treasury |
| Prepared By: | Diane Fox |
| Title: | Director of Treasury |
| Phone Number: | 301-600-1114 |
| E-Mail Address: | dfox@frederickcountymd.gov |
| Due Date: | August 20, 2024 |
| Date Submitted: | August 20, 2024 |

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|---|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Date: | | | | | | |
| <p>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.</p> | | | | | | |
| 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> | | | | | |
| <p>This legislation establishes a real property tax credit for certain repair/replacement work on properties designated on the County Register of Historic Places or properties that are designated or located within a local historic district in the County that have been determined by a Commission to be of historic or architectural significance. The credit is 25% of the qualified expenses not to exceed \$7,500 per year.</p> <p>Since this is a credit against County property taxes, it will reduce the amount of property tax revenue collected by the County.</p> | | | | | | |
| 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. | | | | | |
| Small businesses could take advantage of the credit. It potentially can reduce the property taxes paid by a small business that owns a property that qualifies. | | | | | | |
| 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. | | | | | |
| | <u>Source</u> | <u>FY 2025</u> | <u>FY 2026</u> | <u>FY 2027</u> | <u>FY 2028</u> | <u>FY 2029</u> |
| | County Property Tax Revenue | (\$184,509) | (\$184,509) | (\$184,509) | (\$184,509) | (\$184,509) |
| | TOTAL \$ | (\$184,509) | (\$184,509) | (\$184,509) | (\$184,509) | (\$184,509) |
| | 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. | | | | | |
| <p>Frederick City has a historic district tax credit already in place that mirrors the proposed credit. On average, the City has 76 properties receiving annual credits of \$117,117. We can assume that all of these properties will qualify for a County historic credit. Given that the County's tax rate is higher than the City, we can estimate that the cost of a County credit on these properties would be about \$161,559. In addition, there are properties outside of the City that are either on the County Register of Historic Properties (47) or within a town's historic district (85). The approximate number of designated properties in the City is about 2,000 and they receive on average 40 applicants per year, so the City has about 2% of designated properties receive a credit in any one year. We estimate that three properties will receive a credit outside of the City. The maximum credit per year is \$7,500 so we estimate that the annual credits for three properties outside the City will be \$22,500. The total estimated revenue decrease is \$184,059.</p> | | | | | | |

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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 | | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
| 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 | | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
| 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. | | | | |
| This credit should not increase expenditures – the additional workload can be absorbed by 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 2025 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 2025 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**