



State of Maryland

DEPARTMENT OF ASSESSMENTS AND TAXATION

Office of the Director

July 13, 2007

MARTIN O'MALLEY
Governor

C. JOHN SULLIVAN, JR.
Director

WAYNE M. SKINNER
Deputy Director

Ms. Susan L. Jones
Executive Director
Ocean City Hotel-Motel-Restaurant Association, Inc.
4001 Coastal Highway
P. O. Box 340
Ocean City MD 21843-0340

Dear Ms. Jones:

Thank you for your recent letter to Governor Martin O'Malley concerning tax relief for those Trimper properties used for the amusement rides, the tourism business in Ocean City, and the assessment increase for properties owned by businesses in general. The Governor has received your letter and asked me, as the Director of the Department of Assessments and Taxation, to respond directly to you because of the various laws that affect the assessment of real property owned by both homeowners and businesses.

Your letter mentions the homestead tax credit which limits taxable assessment increases for owner-occupied residential properties to 3 percent in Ocean City and Worcester County. For the July 1, 2006 tax year, 1,115,642 homeowners out of 1.5 million total residential property owners in the State received some amount of homestead credit based upon their assessment increases. These homestead credits resulted in the county governments foregoing \$517,944,343 in property tax revenues that they otherwise would have received.

It is a major financial issue with statewide implications for local governments to consider foregoing even more tax revenues to grant the equivalent of a homestead credit for businesses. As a general matter, the assessing systems of other states and counties throughout the country do not have a special tax relief system for businesses. The preferred remedy is for the individual businesses to pursue their statutory appeal rights to have an independent review of the assessment value placed on a particular property.

The Trimpers have appealed the assessments not only on the two property accounts with the amusement rides and concessions, but also on the 22 other property accounts they own with commercial improvements such as Harrison's Harbor Watch Restaurant and the Burger King. The Department has assigned two of its commercial valuation experts to review the Trimper assessments. The Department will make its final determination on these appeals later this month.



Ms. Susan Jones

Page 2

The Maryland General Assembly also has created special provisions in the property tax laws to allow local governments to grant tax credits to specifically named entities or types of entities (including businesses) that further certain public purposes. The section of the law containing the existing tax credits in Worcester County is found at § 9-325, Tax-Property Article, Annotated Code of Maryland. I expect that my department and members of the General Assembly will be reviewing the possibilities for special legislation in the 2008 session to grant property tax benefits to historic tourist uses such as the amusement rides.

I hope this additional information is of value to you. Once again, thank you for your letter. The Governor appreciates hearing from you and, on his behalf, I also thank you for the opportunity to address this important matter. If you have any further questions, please contact Robert Young of my staff at 410-767-1191, via email at ryoung@dat.state.md.us or at the address below. He will be happy to assist you.

Sincerely,



C. John Sullivan, Jr.
Director

CJS:kt