

**ANNE ARUNDEL COUNTY, MARYLAND
OFFICE OF THE BUDGET**

BILL NUMBER: 19-26

INTRO. DATE: March 2, 2026

FISCAL NOTE

BILL: FINANCE, TAXATION, AND BUDGET – REAL PROPERTY TAXES – CREDITS – CREDIT FOR CHILD CARE OR DAY CARE PROPERTY IMPROVEMENTS

SUMMARY OF LEGISLATION

This bill creates a County property tax credit for improvements used exclusively for specified child day care, adult day care, and elder day care facilities. The maximum credit is \$4,000.

FISCAL IMPACT

Operating Budget – Personal Services: No effect. The additional workload on the Office of Finance will be minimal and can be managed within existing budget and resources.

Operating Budget – Other Operating Costs: None.

Capital Budget: No effect.

Revenues: Property tax credits shift a portion of the overall tax burden to those not receiving the credit. The effect will depend on the number of qualified applicants and the average credit amount. The likely amount is in a range from \$126,000 to \$217,000 annually.

Estimated Number of Qualifying Facilities. Based on the statistics from the Maryland State Department of Education (MSDE), there are currently 537 licensed child day care providers in Anne Arundel County. The County estimates that approximately 54 to 65 child day care businesses may qualify for the property tax credit.

Additionally, data from the Department of Aging identifies approximately 4 to 7 adult day care centers serving elderly or medically handicapped individuals. Incorporating these figures, the total number of qualifying entities is projected to be between 55 and 67. For the purposes of a conservative fiscal impact model, a ceiling of 70 businesses could be used.

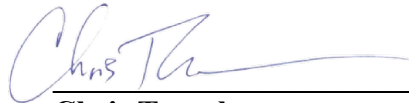
Projected Credit Utilization and Fiscal Impact. While the maximum credit is based on a \$4,000 improvement cap, actual credit disbursements will likely be lower. For benchmarking, the Solar Tax Credit assessment averages 57.7% of the total assessment. In that program, the average credit issued is \$1,937.59—roughly 77.5% of the \$2,500 maximum.

Applying these benchmarks to the proposed credit, the following illustrative ranges could be projected:

| <u>Scenario</u> | <u>Avg. Credit Amount</u> | <u>Range</u> |
|----------------------|---------------------------|-----------------------|
| Conservative (57.7%) | \$2,300 | \$126,500 – \$161,000 |
| Aggressive (77.5%) | \$3,100 | \$181,500 – \$217,000 |

In general, property tax credits of this nature have no aggregate fiscal impact on County revenue due to the County’s policy of setting the property tax rate in accordance with the property tax revenue cap. Therefore, the total amount of property tax collected by the County would not change, but the relative tax burden among all property tax payers will be adjusted to accommodate the increased credit. The range of this estimated impact approximates 1/100 to 2/100 of one cent on the County property tax rate.

Indirect and future fiscal effects: Frederick County has authorized a similar tax credit since fiscal year 2025, but has not had any applications to date.



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Budget Officer

3/6/2026

Date

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