

**Office of the County Auditor**  
**Auditor's Analysis**

**Council Resolution No. 187-2022**

Introduced: October 3, 2022

Auditor: Rebecca Gold

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Fiscal Impact:

The fiscal impact of this legislation cannot be determined. The fiscal impact is dependent on the amount of qualified expenses<sup>1</sup> that are incurred by the owners of 15475 Old Frederick Road (Linden Lawn-Maplehurst-Blarney Farm) on improvements to the property in future years and the property tax credits the property may be eligible for as a result of the improvements.

Purpose:

This legislation adds Linden Lawn-Maplehurst-Blarney Farm to the Historic Sites Inventory allows the property to be eligible for certain tax credits for the restoration and rehabilitation of historic structures.

Other Comments:

Our Office confirmed that inclusion on the Historic Sites Inventory makes a site eligible for three property tax credits, according to the Department of Finance, as defined by the following County Code Sections:

- Section 20.112 - Historically valuable, architecturally valuable, or architecturally compatible structures
  - Tax credit for up to 25 percent of qualified expenses
  - Unused portions of tax credit applied to future property taxes for up to five years
  
- Section 20.113 - Restorations and rehabilitations of historic or heritage properties
  - Tax credit for qualified expenses for improvements, restoration, or the rehabilitation of the property
  - Tax credits are granted each year for ten years

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<sup>1</sup> “Qualified expenses” as defined by Sections 20.112(b)(4), 20.112(b)(5), 20.113(b)(5), and 20.118(a) of the County Code.

- Section 20.118 - Credit for installation of sprinkler systems in historic buildings
  - Tax credit of 10 percent of the cost of installation of an eligible sprinkler system
  - Tax credits are granted each year for five consecutive years

According to information provided by the Department of Planning and Zoning, there are currently 958 properties on the Historic Sites Inventory. Seven historic properties received Section 20.112 credits totaling \$14,859 during the last fiscal year. On average, 16 historic properties apply for credits annually.

Our Office reviewed data from the past five years to project what property tax credits might be granted for an average property on the Historic Sites Inventory over a ten-year period. From this projection, we estimate that an average property on the Historic Sites Inventory might lead to total forgone property tax revenues of \$38,682 over a ten-year period:

<b>Estimated Property Tax Credits Per Property</b>				
<b>Years</b>	<b>Section 20.112</b>	<b>Section 20.113</b>	<b>Section 20.118</b>	<b>Total Estimated Prop Tax Credits</b>
<b>Year 1</b>	\$ 2,547	\$ 1,864	\$ 3,498	<b>\$ 7,909</b>
<b>Years 2 - 5</b>	-	7,458	13,993	<b>21,451</b>
<b>Years 6 - 10</b>	-	9,322	-	<b>9,322</b>
<b>Total</b>	<b>\$ 2,547</b>	<b>\$ 18,644</b>	<b>\$ 17,492</b>	<b>\$ 38,682</b>

Source: Annual Report of Howard County Tax Credits and Deferrals – FY 2021 from the Director of Finance

For reference, according to Howard County's Tax Self Service site, Linden Lawn-Maplehurst-Blarney Farm was assessed County property taxes in the amount of \$5,204 during Tax Year 2022.

Other benefits to listing a property on the Historic Sites Inventory would be the ability to apply for certain conditional uses, including Bed and Breakfast Inns, Country Inns, Historic Buildings Uses, and Limited Social Assemblies.