

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 497

(Washington County Senators)

Budget and Taxation

Property Tax - City of Hagerstown and the Hagerstown Multi-Use Sports and
Events Facility, Inc. - Exemption

This bill exempts real and personal property that is owned by the City of Hagerstown and used primarily for public social, recreational, and entertainment purposes from State, county, and municipal property taxes. The property tax exemption for property owned by the City of Hagerstown or the Hagerstown Multi-Use Sports and Events Facility must apply retroactively to fiscal 2024. The State, Washington County, and the City of Hagerstown must provide a refund for any excess property tax paid due to the retroactive property tax exemption. **The bill takes effect June 1, 2026.**

Fiscal Summary

State Effect: Annuity Bond Fund (ABF) revenues decrease by approximately \$80,300 in FY 2027 due to the retroactive tax refund for the Hagerstown Multi-Use Sports and Events Facility. ABF revenues decrease by an additional amount (\$22,300 annually) reflecting the property tax exemption for the City of Hagerstown. State expenditures are not affected.

Local Effect: Local property tax revenues in Washington County decrease by approximately \$1.3 million in FY 2027 due to the retroactive tax refund for the Hagerstown Multi-Use Sports and Events Facility. Washington County property tax revenues decrease by an additional amount (\$160,000 annually) reflecting the property tax exemption for the City of Hagerstown. Local expenditures are not affected. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: Minimal.

Analysis

Current Law: Chapter 428 of 2025 provided a State and local property tax exemption for property owned by the Hagerstown Multi-Use Sports and Events Facility that is used primarily for public social, recreational, and entertainment purposes. The property tax exemption became effective in fiscal 2026. The facility is authorized to provide a payment in lieu of taxes to both Washington County and the City of Hagerstown to offset the property tax exemption.

State Fiscal Effect: ABF revenues decrease by approximately \$80,300 in fiscal 2027 due to the retroactive tax refund for the Hagerstown Multi-Use Sports and Events Facility. ABF revenues decrease by an additional amount (\$22,300 annually) reflecting the property tax exemption for the City of Hagerstown.

Hagerstown Multi-Use Sports and Events Facility

The State Department of Assessments and Taxation (SDAT) indicates that there are five real property accounts belonging to the Hagerstown Multi-Use Sports and Events Facility, all of which are located in the City of Hagerstown (Washington County). These accounts have a fiscal 2025 taxable assessment of \$35.8 million. As a result of the retroactive property tax exemption under the bill, ABF revenues will decrease by \$80,300 in fiscal 2027, which covers the annual property tax payments for both fiscal 2024 and 2025. This estimate is based on the State property tax rate of \$0.112.

City of Hagerstown Property

The Hagerstown Field House is an indoor sports and fitness facility located at 290 East Memorial Boulevard in Hagerstown. Property tax records indicate that the facility is owned by the City of Hagerstown and is currently leased to a for profit entity. SDAT indicates that the city-owned property has a fiscal 2027 taxable assessment of \$19.9 million. As a result, ABF revenues could decrease by \$22,300 annually beginning in fiscal 2027. At this time, it is not known whether the City of Hagerstown has made any prior property tax payments to the State that would require a refund under the bill.

Impact on Debt Service Payments

Debt service payments on the State's general obligation (GO) bonds are paid from ABF. Revenue sources for the fund include State property taxes, premium from bond sales, and repayments from certain State agencies, subdivisions, and private organizations. General funds may be appropriated directly to ABF to make up any differences between the debt service payments and funds available from property taxes and other sources. The fiscal 2027 budget assumes \$1.3 billion in State property tax revenues to ABF. In addition,

\$177.7 million in general funds and \$0.8 million in federal funds are budgeted to ABF, since the State property tax rate is not set high enough to cover the full cost of the debt service payments on the State's GO bonds.

To offset the reduction in State property tax revenues, general fund expenditures could increase in an amount equal to the decrease in ABF revenues, or the State property tax rate would have to be increased to meet debt service payments.

Local Fiscal Effect: Local property tax revenues in Washington County decrease by approximately \$1.3 million in fiscal 2027 due to the retroactive tax refund for the Hagerstown Multi-Use Sports and Events Facility. Of this amount, \$575,700 represents county property tax refunds and \$718,300 represents municipal property tax refunds. This estimate is based on the fiscal 2025 taxable assessment and county-city property tax rates.

In addition, Washington County property tax revenues decrease by \$160,000 annually beginning in fiscal 2027 reflecting the property tax exemption for the City of Hagerstown. At this time, it is not known whether the City of Hagerstown has made any prior property tax payments to the county government that would require a refund under the bill.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 846 (Washington County Delegation) - Ways and Means.

Information Source(s): State Department of Assessments and Taxation; Washington County; Department of Legislative Services

Fiscal Note History: First Reader - February 16, 2026
sj/hlb

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