



FISCAL IMPACT NOTE

Ordinance: O-1-26 - *UPDATED*

Title: Property Tax – Child Care Centers, Family Child Care Homes, and Large Family Child Care Homes

Date: February 11, 2026

Background

O-1-26 ordinance establishes a real property tax credit for child care providers who own the property on which they operate a state-licensed or registered child care center, family child care home, or large family child care home. It also allows qualifying property-owning businesses with on-site child care facilities to participate.

Fiscal Impact on O-1-26 as Introduced.

The fiscal impact report for the original O-1-26 uses data from the Department of Planning and Zoning, which indicated that 85 centers might be eligible for the \$10,000 tax credit per property. This projected a maximum liability to City revenue of up to \$850,000.

However, upon further review, 37 centers have been excluded from the original list of 85 because they were public or religious buildings, or had incorrect listings. Consequently, the number of eligible centers has been reduced to 48.

The Annapolis City Real Property Tax rate is 0.738%. A \$10,000 credit would imply each property has an assessed value of approximately \$1,355,013 ($\$10,000 / 0.738\%$).

This implied valuation was inconsistent with the assessed values for many properties on the final 48-center list.

The updated fiscal impact of O-1-26, adjusted for the reasons above, would be \$480,000 .

Amendment 1 Impact

Amendment 1 reduces the credit from \$10,000 to \$4,000 per property. Lowering the real property tax credit for child care providers to \$4,000, based on the average property valuation for those child care properties that are currently licensed or registered, the maximum liability to the City is estimated at \$192,000.

Prepared by Joel Pallikal, Acting Finance Director