

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 573

(Senator Robey, *et al.*)

Budget and Taxation

Ways and Means

County Property Tax - Personal Property Rate

This bill decouples the personal property tax rate from the real property tax rate by authorizing county governments to set a personal property tax rate no more than 2.5 times the county real property tax rate. Under current law, the county personal property tax rate is set at 2.5 times the county real property tax rate.

The bill takes effect June 1, 2013, and applies to taxable years beginning after June 30, 2013.

Fiscal Summary

State Effect: None.

Local Effect: Potential decrease in local personal property tax revenue to the extent counties set lower personal property tax rates. Local expenditures are not affected.

Small Business Effect: Potential meaningful. Small businesses may realize a lower personal property tax burden.

Analysis

Current Law: The State has not imposed personal property taxes since fiscal 1984 and all personal property is exempt from the State property tax. However, counties, municipalities, and special taxing districts are authorized to tax personal property. The county personal property tax rate is set at 2.5 times the county real property tax rate.

Background: The assessment of personal property is the responsibility of the State Department of Assessments and Taxation, while the collection of the tax on personal property is the responsibility of local governments. The department separately values inventory and all other tangible business personal property based on information filed annually by property owners by April 15 (the data is as of the preceding January 1). Property owners may request a filing extension of two months.

Inventory is valued at its “fair average value,” which means the lower of cost or market value. All other personal property, including office furniture, fixtures, equipment, and plant machinery, is valued at “full cash value.” Uniform rates of depreciation are applied to the cost of the property to determine full cash value.

Local Fiscal Effect: County personal property tax revenues may decrease beginning in fiscal 2014, to the extent counties set new personal property tax rates below their current rates. The amount of any potential revenue decrease depends on the personal property tax rate that is set and the county’s personal property assessable base.

The personal property tax is applied differently throughout the State. Some counties do not impose a personal property tax; while other counties do not impose a personal property tax on business personal property, but do impose the personal property tax on utility and railroad property.

Exhibit 1 shows the personal property tax rates for fiscal 2013 and the personal property assessable base for each county for fiscal 2014, as well as estimated personal property tax revenues for fiscal 2013.

Exhibit 1
Personal Property Tax Rates, Assessable Base, and Estimated Revenues

County	Personal Property Tax Rate – FY 2013	Personal Property Base FY 2014	Estimated Revenue FY 2013
Allegany	\$2.4525	\$335,414,000	\$7,900,867
Anne Arundel	2.3525	2,571,084,000	58,907,000
Baltimore City	5.6700	1,974,551,000	98,614,000
Baltimore	2.7500	3,006,700,000	83,781,363
Calvert	2.2300	861,501,000	20,800,000
Caroline	2.2250	103,970,000	1,140,000
Carroll	2.5450	588,044,000	13,915,000
Cecil	2.4768	375,304,000	7,818,915
Charles	2.6425	879,605,000	28,527,800
Dorchester	2.4400	111,276,000	2,858,680
Frederick*	2.3400	291,450,000	6,513,900
Garrett	2.4750	197,437,000	3,469,512
Harford	2.6050	988,977,000	24,511,000
Howard	2.5350	1,529,468,000	39,916,276
Kent*	2.5550	36,508,000	884,643
Montgomery	1.8100	3,780,713,000	93,617,055
Prince George's	2.4000	2,924,055,000	65,890,100
Queen Anne's*	2.1178	62,395,000	1,240,000
St. Mary's	2.1425	251,939,000	5,513,637
Somerset	2.2093	72,343,000	1,582,221
Talbot*	1.2275	59,260,000	600,000
Washington	2.3700	523,442,000	12,801,340
Wicomico	2.1010	494,496,000	8,672,542
Worcester	1.9250	316,480,000	5,957,394
Total		\$22,336,412,000	\$595,433,245

*Includes only utility property; business property is not subject to the personal property tax.

Source: State Department of Assessments and Taxation; Maryland Association of Counties; Department of Legislative Services

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Baltimore, Carroll, Cecil, Montgomery, Queen Anne's, and Worcester counties; Property Tax Assessment Appeals Boards; Maryland Association of Counties; State Department of Assessments and Taxation; Department of Legislative Services

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