

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1320
Ways and Means

(Delegate Boyce)

Baltimore City - Property Taxes - Authority to Set Special Rates

This bill authorizes Baltimore City to set special tax rates for any class or subclass of real property that is subject to the city real property tax. **The bill takes effect June 1, 2021, and applies to taxable years beginning after June 30, 2021.**

Fiscal Summary

State Effect: None.

Local Effect: Baltimore City property tax revenues may increase, decrease, or remain the same, depending on the real property tax rates that are set. Baltimore City expenditures are not affected.

Small Business Effect: Potential meaningful. Small businesses may pay more, less, or the same in property taxes, depending on the real property tax rates set by the city.

Analysis

Current Law: Title 8 of the Tax Property Article establishes the methods of property valuation and assessments and lists those classifications of property created by the General Assembly. For assessment purposes, property is divided into two classes – real property and personal property. Real property is divided into 11 subclasses and personal property is divided into 7 subclasses. The State only imposes a property tax on real property, whereas county governments impose separate tax rates for real and personal property. State and county governments are not authorized to set separate property tax rates among different subclasses of property.

Unlike the State and county governments, municipalities have broader discretion to impose property tax rates on different classes of property. Municipalities may impose property taxes on those classes of property that it selects to be subject to the municipal property tax. In addition, municipalities retain the authority to classify property for local purposes and to impose different tax treatment on those classes. Furthermore, municipalities have the express power to exempt classes of property from taxation. Moreover, because municipalities may select the classes of property to be taxed and may set special rates for any class of property that is subject to the municipal property tax, municipalities retain the authority to levy different tax rates on selected classes of property.

The Maryland Municipal League reports that several municipalities have established a separate property class for municipal property tax purposes, including Cheverly, Colmar Manor, Cottage City, Forest Heights, Mount Rainier, North Brentwood, and Upper Marlboro in Prince George’s County; Hagerstown in Washington County; and Pocomoke City in Worcester County.

Five of the municipalities in Prince George’s County impose a separate property tax rate for commercial real property and two impose a separate rate for multifamily residential dwellings. Hagerstown imposes a higher real property tax rate for apartment buildings. Pocomoke City imposes a separate property tax rate for nonowner occupied property.

Local Fiscal Effect: Baltimore City property tax revenues may increase, decrease, or remain the same, depending on the real property tax rates that are set by the city for each class or subclass of real property. The real property assessable base for Baltimore City totals \$41.1 billion in fiscal 2022. A one cent increase in the city’s real property tax rate will generate approximately \$4.1 million. The real property tax rate for Baltimore City totals \$2.248 per \$100 of assessed value.

Additional information on local property tax rates and revenue amounts for Maryland counties and Baltimore City can be found in the [County Revenue Outlook](#) report. A copy of the Fiscal 2021 report is available on the Department of Legislative Services [website](#).

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Baltimore City; State Department of Assessments and Taxation; Department of Legislative Services

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