



February 27, 2020

House Bill 1276

County Property Tax - Classifications of Real Property and Authority to Set Special Rates

House Ways & Means Committee

Position: FAVORABLE

Anne Arundel County **SUPPORTS** House Bill 1276 - County Property Tax - Classifications of Real Property and Authority to Set Special Rates. This enabling legislation would authorize counties, if they choose, to set special real property tax rates for any subclass of real property that is subject to the county property tax.

The owner of a multimillion dollar estate should pay a higher property tax rate than the owner of a modest townhome. The flexibility to set different rates for up to twelve different subclasses of property will allow Anne Arundel County the option to reduce the tax rate for properties owned and/or occupied by working and middle class families and small businesses. Doing so would help Anne Arundel County's teachers, firefighters, and police officers, as well as young families and retirees, who are having an increasingly difficult time affording the high cost of living in Anne Arundel County.

Anne Arundel County has a property tax revenue cap limiting growth of total property tax revenues to the lesser of the increase in the Consumer Price Index or 4.5%. Thus any increase in property tax revenue in one class or subclass would, by law, be offset by a decrease in the property tax rate in another class. Therefore, this bill will not increase overall property tax revenue, but could proportionally reduce property tax for working families and small businesses. For example, if the county realized additional property tax revenue in some subclasses, it could reduce the residential property tax proportionally.

Accordingly, Anne Arundel County requests a **FAVORABLE** report on House Bill 1276.