



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

**Testimony in Support of HB 1276
County Property Tax - Classifications of Real Property and Authority to Set
Special Rates**

HB 1276 enables counties and the City of Baltimore to tax different types of real property at different tax rates, if they so choose.

The bill specifies 12 subclasses of real property (i.e. real estate) that could be taxed at different rates, including commercial, industrial, abandoned property, and various types of residential property including apartments, condominiums, townhouses and row houses, single family homes, and mansions.

This bill does not require any county to make changes to its tax structure, but rather gives county officials more flexibility in raising revenues to fund needed infrastructure and public services. Property taxes are the largest source of revenue for every single county in Maryland,¹ so it makes sense to give our local partners more flexibility with how they raise these revenues.

Under current state law, municipalities already have the ability to tax different types of property at different tax rates. Several municipalities have taken advantage of this taxing authority, including Berwyn Heights, Cheverly, Colmar Manor, Cottage City, Hagerstown, North Brentwood, and Upper Marlboro.² For instance in Hagerstown, the city establish a separate property tax subclass for apartments and was able to raise an extra \$72,300 in FY 2019-2020.³

When considering the rising cost of government services and the need for local governments to increase their share of education funding, it is crucial that counties have ways to raise additional revenues. HB 1276 provides this flexibility.

¹ "Budgets, Tax Rates, and Selected Statistics Fiscal Year 2019," Maryland Association of Counties. <https://www.mdcountries.org/DocumentCenter/View/3108/2019-BTRB>

² Maryland Department of Assessments and Taxation. 2019-2020 County & Municipality Tax Rates. https://dat.maryland.gov/Documents/statistics/Taxrates_2019.pdf

³ City of Hagerstown. City Administrator's Proposed Budget, FY19-20. <https://www.hagerstownmd.org/DocumentCenter/View/8111/FY-20-Proposed-Budget>