

HB 508_FAV_MML.pdf

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Position: FAV



Maryland Municipal League
The Association of Maryland's Cities and Towns

TESTIMONY

February 16, 2022

Committee: House Ways and Means Committee

Bill: HB 508 – Property Tax – Constant Yield Tax Rate – Notification Requirement

Position: Support

Reason for Position:

The Maryland Municipal League supports HB 508 which would alter the public notice sent to residents when local revenues rise as a result of SDAT assessments, but the local property tax rate decreases or remains the same.

Since its inception, the Constant Yield Tax Rate and its prescriptive notification have been unnecessarily confusing for residents and elected officials. A local government could actually LOWER the property tax rate compared to the prior year and still have to publish a legal notice identifying it as a “proposed real property tax increase” if that rate would bring in an additional \$25,000 of revenue on the whole due to new assessments. We believe it would make more sense for SDAT to notify homeowners that their assessment of the property may lead to a change in the total property tax owed to a local jurisdiction.

Across the state, local governments spend thousands of dollars each year to post these notices when the vast majority are seeking to maintain the current real property tax rate. This bill would at least help with the confusion and consternation of residents who often incorrectly assume their property tax rates are being raised.

The Maryland Municipal League therefore respectfully requests the Committee provide HB 508 with a favorable report.

FOR MORE INFORMATION CONTACT:

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HB0508-WM_MACo_SUP.pdf

Uploaded by: Kevin Kinnally

Position: FAV



House Bill 508

Property Tax – Constant Yield Tax Rate – Notification Requirement

MACo Position: **SUPPORT**

To: Ways and Means Committee

Date: February 15, 2022

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** HB 508. By updating the antiquated, inefficient, and confusing constant yield tax law, this bill would provide shared constituents with a more efficient, accurate, and transparent overview of local policy decisions and deliberations.

The Constant Yield concept is that, as assessments rise, the tax rate should drop to the point that the revenue derived from the property tax stays at a constant level from one year to the next. Because property assessments typically grow in value, constant yield rates are typically lower than the previous year's actual tax rate.

Under current law, local governments must advertise and hold public hearings on proposals to enact a tax rate that exceeds the constant yield rate – even if the actual rate remains unchanged. Because statute requires the advertisement to include "Notice of Tax Increase," constituents often do not understand that a county has simply adopted the same tax rate that had been in effect and that the notice is solely a function of a statutory requirement.

While HB 508 keeps the advertisement requirements in place, the bill replaces "Notice of Tax Increase" with "Notice of Tax Change," which is a more accurate description of local fiscal considerations. This could eliminate consternation for constituents by making the notice easier to understand, thereby improving government transparency and accountability.

HB 508 would make necessary and timely changes to outmoded provisions of Maryland's constant yield tax law, which will allow local governments to better serve and react to community needs. Accordingly, MACo urges the Committee to issue a **FAVORABLE** report for HB 508.

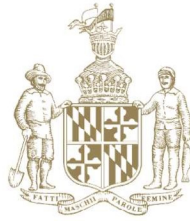
Del McKay Testimony on HB 508.pdf

Uploaded by: Mike McKay

Position: FAV

MIKE MCKAY
Legislative District 1C
Allegany and Washington Counties

Appropriations Committee



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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

February 15, 2022

Ways and Means Committee

House Office Building, Room 131

Annapolis, Maryland 21401

Dear Chair Atterbeary, Vice Chair Washington and Members of the Ways and Means Committee,

The purpose of this letter is to urge a favorable report for HB508 Property Tax - Constant Yield Tax Rate - Notification Requirement.

As a former Allegany County Commissioner, I have firsthand experience dealing with the public each year regarding the property tax calculation and process spelled out in the Annotated Code of Maryland. This bill simply inserts the word CHANGE and deletes the word INCREASE from the notification required by state law. In our public meeting, after the notification was in the local newspaper, we would have citizens confused due to the notification requirement. Having people upset and worked up over semantics or some arbitrary calculations is not good government, period.

The bill does not in any way hide or mislead the public with this word insertion. Unfortunately, the current notice is not as transparent as possible. If the property rate has changed or remains the same; the word INCREASE must be used in the public notice, but if you actually lower the rate, the word INCREASE must be used. As a Commissioner, we lowered our rate for four years but were required to use the word increase which inferred that we were raising the rate; this was a lie.

We owe the public, who we represent, to make sure we are as transparent as possible.

I urge a favorable report of HB 508 because the words we use in good government policy ensure transparency that is measured by the public who we are accountable too. Inserting CHANGE and removing INCREASE, moves us closer to a notice that is more centered to transparency.

Thank you,

Delegate Mike McKay

Serving Allegany and Washington Counties

HB 508_Unfavorable_Maryland REALTORS.pdf

Uploaded by: Susan Mitchell

Position: UNF



**House Bill 508 - Property Tax - Constant Yield Tax Rate -
Notification Requirement**

Position: Oppose

On behalf of Maryland REALTORS® and our 28,000+ members, we wholeheartedly believe in greater government transparency about the tax rates, however, we believe there is another bill before you that better achieves clarification of the constant yield for real property tax rates that are either an increase or exceeds the constant yield rate, therefore, we oppose HB 508.

With rising assessments and rates either being the same or increasing, tax revenues are increasing for local governments. As you are aware, the constant yield rate is rather complex and better notice and clarification will help Maryland homeowners understand if their county/municipal rate – *even if the same as the previous year or an increase* -- actually exceeds the constant yield rate.

Maryland REALTORS® respectfully requests an unfavorable report of HB 508.

For more information, please contact bill.castelli@mdrealtor.org or susan.mitchell@mdrealtor.org or lisa.may@mdrealtor.org