

**Department of Legislative Services**  
Maryland General Assembly  
2024 Session

**FISCAL AND POLICY NOTE**  
**Third Reader**

House Bill 1516

(Chair, Ways and Means Committee)(By Request -  
Departmental - Assessments and Taxation)

Ways and Means

Budget and Taxation

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**Real Property Assessments - Notice of Change in Value or Classification - Time  
Period**

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This emergency departmental bill extends the statutory deadline for fiscal 2025 by which the State Department of Assessments and Taxation (SDAT) must send out reassessment notices to property owners. Under current law, the reassessment notices must be sent out within 30 days after January 1 in order for the updated property assessments to be used by local governments in preparing the property tax bills for the upcoming fiscal year. Under the bill, this deadline is extended until May 1, 2024.

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**Fiscal Summary**

**State Effect:** The bill prevents the reduction in State property tax revenues over the next three years. Absent the bill, State property tax revenues would decrease by \$3.1 million in FY 2025 and by \$18.4 million over a three-year period.

**Local Effect:** The bill prevents the reduction in local property tax revenues over the next three years. Absent the bill, county property tax revenues would decrease by \$30.1 million in FY 2025 and by \$180.6 million over a three-year period. Municipal property tax revenues would decrease by \$2.1 million in FY 2025 and by \$12.6 million over a three-year period.

**Small Business Effect:** SDAT has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services (DLS) concurs with this assessment.

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## Analysis

**Current Law:** Each year, SDAT is required to value one-third of all real property based on an inspection prior to the date of finality. Real property is valued and assessed once every three years. Prior to June 1, 2018, statute required that the assessments be based on a physical inspection; however, Chapter 651 of 2018 repealed the requirement that the department value all real property based on an exterior physical inspection of the real property. Instead, the department must value real property based on a review of each property in each three-year cycle. The review by the department must include a physical inspection of a property if (1) the value of improvements to the property is being initially established; (2) the value of substantially completed improvements is being established; (3) the property is the subject of a recent sale, and the inspection is deemed necessary by the department for purposes of market analysis; (4) the property owner requests a physical inspection as part of an active appeal; (5) the department is notified by a county finance officer that a substantially completed improvement has been made that adds at least \$1.0 million in value to the property; or (6) the department determines that a physical inspection is appropriate.

In any year of a three-year cycle, real property must be revalued if any of the following factors causes a change in the value of the real property: (1) the zoning classification is changed at the initiative of the owner or anyone having an interest in the property; (2) a change in use or character occurs; (3) substantially completed improvements are made that add at least \$100,000 in value to the property; (4) an error in calculation or measurement of the real property caused the value to be erroneous; (5) a residential use assessment is terminated; or (6) a subdivision occurs.

Any increase in full cash value (market value) is phased in equally over the next three years. All property is assessed at 100% of full cash value.

### *Notification Requirements*

When any change in value or classification is determined by the department, SDAT is required to notify the owner in writing of the change. For an assessment change resulting in an increase or decrease in an existing value, the written notice must include (1) the amount of the current value; (2) the amount of the proposed value including a statement that the total amount of the proposed value is the value for purposes of appeal; (3) the amount of the proposed value that will be the basis for the assessment in each year of the three-year cycle; (4) a statement indicating the right to appeal and briefly describing the appeal process and the property owner's Bill of Rights; and (5) a statement regarding the availability of valuation records. Generally, these notices must be sent out by January 1.

A failure to send a notice of any change in value or classification within 30 days after January 1 creates an irrebuttable presumption that there has been no change in value or classification unless (1) the property has been transferred for consideration to new ownership during the previous calendar year; (2) the zoning classification of the property changed during the current triennial cycle or the previous calendar year, whichever is earlier, resulting in an increased value of the property; (3) a substantial change occurred in the use or character of the property during the current triennial cycle or the previous calendar year, whichever is earlier; (4) extensive improvements have been made on the property during the current triennial cycle or the previous calendar year, whichever is earlier; (5) due to an error in calculating or measuring improvements on the property the assessment for the previous taxable year was clearly erroneous; or (6) the assessment has been decreased.

**State and Local Fiscal Effect:** SDAT reports that for taxable year beginning July 1, 2024 (fiscal 2025), 100,009 residential real property reassessment notices were not sent to property owners within 30 days after January 1, 2024. As a result, local governments will not be able to use the updated property values when preparing the property tax bills for the upcoming fiscal year (fiscal 2025). This will also impact property tax revenues for the following two fiscal years (fiscal 2026 and 2027).

**Exhibit 1** shows the number of affected real property accounts in each county and the estimated State and county revenue loss for fiscal 2025 and over the three-year assessment cycle (fiscal 2025 through 2027). The potential State revenue loss totals \$3.1 million in fiscal 2025 and \$18.4 million over a three-year period. The potential county revenue loss (including Baltimore City) totals \$30.1 million in fiscal 2025 and \$180.6 million over a three-year period. The potential municipal revenue loss totals approximately \$2.1 million in fiscal 2025 and \$12.6 million over a three-year period. By extending the mailing deadline for assessment notices to May 1, 2024, the bill prevents the potential State and local revenue loss.

Additional information on local property tax rates and revenues for Maryland counties and Baltimore City can be found in the [County Revenue Outlook Report – Fiscal 2024](#). Information on the most recent property reassessments for each county can be found in the [Local Government Overview Report](#). A copy of both reports is available on the DLS [website](#).

**Exhibit 1**  
**Assessment Notices and Potential Revenue Impact**

| <b>County</b>       | <b>Number of<br/>Accounts</b> | <b>FY 2025<br/>Revenue Loss</b> | <b>Three-year<br/>Revenue Loss</b> |
|---------------------|-------------------------------|---------------------------------|------------------------------------|
| Allegany            | 1,668                         | \$82,434                        | \$494,605                          |
| Anne Arundel        | 8,148                         | 1,836,586                       | 11,019,519                         |
| Baltimore City      | 4,268                         | 1,216,588                       | 7,299,526                          |
| Baltimore           | 13,849                        | 2,661,033                       | 15,966,198                         |
| Calvert             | 2,254                         | 370,093                         | 2,220,557                          |
| Caroline            | 156                           | 10,588                          | 63,528                             |
| Carroll             | 569                           | 182,171                         | 1,093,028                          |
| Cecil               | 12,461                        | 2,140,523                       | 12,843,137                         |
| Charles             | 3,583                         | 824,654                         | 4,947,925                          |
| Dorchester          | 616                           | 60,352                          | 362,111                            |
| Frederick           | 2,253                         | 948,480                         | 5,690,878                          |
| Garrett             | 804                           | 238,882                         | 1,433,290                          |
| Harford             | 7,311                         | 1,258,015                       | 7,548,091                          |
| Howard              | 2,735                         | 1,176,691                       | 7,060,145                          |
| Kent                | 231                           | 29,908                          | 179,450                            |
| Montgomery          | 9,851                         | 8,341,794                       | 50,050,767                         |
| Prince George's     | 16,622                        | 5,846,030                       | 35,076,179                         |
| Queen Anne's        | 1,124                         | 190,185                         | 1,141,110                          |
| St. Mary's          | 1,626                         | 381,402                         | 2,288,413                          |
| Somerset            | 726                           | 51,165                          | 306,987                            |
| Talbot              | 381                           | 58,247                          | 349,480                            |
| Washington          | 1,125                         | 201,106                         | 1,206,635                          |
| Wicomico            | 1,904                         | 203,635                         | 1,221,812                          |
| Worcester           | 5,744                         | 1,784,895                       | 10,709,370                         |
| <b>Total</b>        | <b>100,009</b>                | <b>\$30,095,457</b>             | <b>\$180,572,740</b>               |
| <b>State Impact</b> |                               | <b>\$3,072,080</b>              | <b>\$18,432,477</b>                |

Source: State Department of Assessments and Taxation; Department of Legislative Services

## Additional Information

**Recent Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** None.

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

**Fiscal Note History:** First Reader - March 7, 2024  
rh/hlb Third Reader - April 5, 2024

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## ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Real Property Assessments – Notice of Change in Value or Classification – Time Period

BILL NUMBER: HB1516

PREPARED BY: SDAT

### PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

**OR**

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

### PART B. ECONOMIC IMPACT ANALYSIS

This bill would allow the Department to send reassessment notices as scheduled. Small businesses will experience an increase in assessed property values as scheduled.