Department of Fiscal Services

Maryland General Assembly

FISCAL NOTE

House Bill 917 (Delegate Healey, et al.)
Ways and Means

Property Tax Assessment - Real Property

This bill provides that property tax rates shall be applied to 100% of a property's value, rather than the 40% for most real property under current law. The county tax rate applicable to personal property and operating real property of utilities shall be 2.5 times the property tax rate for real property.

The Department of Assessments and Taxation shall report to the General Assembly by December 1, 1996, on any provisions of the Annotated Code of Maryland or the Code of Public Local Laws that are rendered inaccurate or obsolete as a result of this change.

This bill may not be construed to affect any limit on rates or amounts of tax which may be imposed by State or local law or charter, and is intended to be revenue neutral.

This bill is effective July 1, 1996, and applies to all taxable years beginning after June 30, 1997.

Fiscal Summary

State Effect: None, as discussed below.

Local Effect: None, as discussed below.

Fiscal Analysis

State Effect: Implementation of this bill would not impose any administrative costs on the Department of Assessments and Taxation.

This bill would be revenue neutral for the State assuming the Board of Public Works adopts a tax rate of 8.4 cents per $100 of value (instead of 21 cents).

Local Effect: Currently, property tax rates are applied to the assessed value of real property, which is 40% of market value for most real property. Under this bill, tax rates would apply to 100% of market value. Since the intent of this bill is revenue neutrality, counties would presumably be required to lower their property tax rates to 40% of the current rates.

Additional Comments: The Department of Fiscal Services advises that the effect of this bill regarding State aid for education, and perhaps other areas is unclear. State education aid to local governments is related to wealth, which is the sum of the assessed valuation of real property, 50% of the assessed value of personal property, and taxable net income. Those jurisdictions with relatively more property than income will receive less State aid if 100% of market value of real property is used in these formulae.

Information Source(s): Department of Assessments and Taxation, Department of Fiscal Services

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