Department of Fiscal Services

Maryland General Assembly

FISCAL NOTE
Revised

House Bill 1325 (Delegate Healey*, et al.*)
Ways and Means — Referred to Budget and Taxation

Clarification of Property Tax Assessment - Real Property

This amended bill provides that, beginning in tax year 2000, property tax rates shall be applied to 100% of the value of real property, rather than the 40% for most real property under current law. On October 1, 1998, real property tax rates will be 40% of the rates effective July 1, 1998. 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.

It is the stated intent of the General Assembly that this bill be revenue neutral; adjustments are made to current law which reference the 40% assessment of property, including State aid, debt limitations, and other provisions of current law. The Department of Assessments and Taxation is required to report to the General Assembly by December 1, 1997 regarding any further amendments which would be required.

The Department of Assessments and Taxation is required to include a statement regarding this change in assessment notices issued for tax year 1999, and local governments are required to include such statements in each real property tax bill for tax years 1998 through 2000, and in the constant yield tax rate notice for tax year 2000. The department is also required to adopt regulations adjusting the valuation of use-valued property so that the change in assessments is revenue neutral.

This bill is effective June 1, 1997, with varying other effective dates.

Fiscal Summary

State Effect: None, as discussed below.

Local Effect: Negligible redistribution of local revenues. Expenditures would not be affected.

Small Business Effect: None. This bill does not directly affect small businesses.

Fiscal Analysis

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

Assuming the Board of Public Works adopts a tax rate of 8.4 cents per $100 of value, instead of the current 21 cents, this bill would be revenue neutral for the State.

Local Revenues: Operating land of railroads and utilities would be valued as a part of the operating unit, rather than separate from the operating unit. Thus, some of this tax base could shift between counties. Any such effect is expected to be minimal.

Local Expenditures: The notice requirements of this bill could be absorbed within existing resources, since counties are required to add one paragraph of text to mailings which are required under current law.

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

Fiscal Note History: First Reader - March 3, 1997
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