

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 97 (Delegate Campbell)
Ways and Means

Land Value Taxation

This bill allows the counties and Baltimore City to adopt separate property tax rates for land and improvements to land. Current law requires that land and improvements to land be taxed at the same rate.

Fiscal Summary

State Effect: None. This bill applies only to local property taxes.

Local Effect: Baltimore City and county revenues could be affected by an indeterminate amount as discussed below. Expenditures would not be affected.

Small Business Effect: Indeterminate effect on small businesses as discussed below.

Fiscal Analysis

Local Revenues: Revenues from property taxes for Maryland's 23 counties and Baltimore City could increase or decrease. The change would depend upon the number of jurisdictions adopting separate tax rates, the value of the land and improvements, and the rates at which they are taxed. It is likely that land would be taxed at a higher rate than improvements to land.

Small Business Effect: Since this bill would merely permit instead of require counties to adopt separate tax rates for land and improvements to land, small businesses would not be directly affected. However, a small business with property in a county that adopted separate tax rates could have the property taxes it pays increase or decrease depending on the classification of the property. Any overall impact on small businesses cannot be reliably determined at this time.

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

Services

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