

Department of Legislative Services  
Maryland General Assembly  
2000 Session

FISCAL NOTE

Senate Bill 515 (Senators McFadden and Mitchell)  
(Baltimore City Administration)

Budget and Taxation

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**Property Tax - Baltimore City - Land Value Taxation**

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This bill creates a separate subclass of property for land and authorizes Baltimore City to set a special property tax rate for that subclass.

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**Fiscal Summary**

**State Effect:** None. The bill does not change the State property tax rate.

**Local Effect:** Baltimore City revenues could increase or decrease depending on whether the tax rate for land is increased or decreased.

**Small Business Effect:** Potential meaningful.

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**Analysis**

**Current Law:** Section 6-302 of the Tax-Property Article provides that all property subject to county property tax is taxed at a single rate, except for property within a municipal corporation that also assesses property taxes.

**Background:** This bill will allow Baltimore City to tax land at a rate which is different from the rate for improvements to land and other property. Baltimore City's fiscal 2000 property tax rate is \$5.82 per \$100 of assessment. The city has taxable land with an assessment of approximately \$2 billion and taxable improvements with an assessment of approximately \$5 billion.

**Local Fiscal Effect:** The effect on Baltimore City's property tax revenues will depend on

whether the city increases or decreases the tax rate on land. For example, if the city raised the property tax rate for land to \$5.90, the city's tax revenues would increase by approximately \$1.6 million annually. Conversely, if the rate were reduced to \$5.74, the city's tax revenues would decrease by \$1.6 million. *In its response, Baltimore City did not provide any information as to whether the city intends to increase or decrease the rate.*

**Small Business Effect:** Depending on whether the city increases or decreases the property tax rate for land, small business could either have to pay additional property taxes or reduced property taxes.

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### Additional Information

**Prior Introductions:** Similar legislation was introduced during the 1997 session as HB 97. It received an unfavorable report from the House Ways and Means Committee. HB 97 would have allowed all the counties and Baltimore City to set special tax rates for land.

**Cross File:** HB 715 (Delegate Marriott, *et al.*) - Ways and Means.

**Information Source(s):** Department of Assessments and Taxation, Baltimore City, Department of Legislative Services

**Fiscal Note History:** First Reader - March 6, 2000  
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