
By: **Chairman, Ways and Means Committee (By Request - Departmental - Assessments and Taxation)**

Introduced and read first time: January 24, 2005

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Constant Yield Tax Rate - Exemptions**

3 FOR the purpose of altering a certain maximum revenue increase under which the
4 Director of Assessments and Taxation is required to exempt a municipal
5 corporation from certain provisions of the constant yield tax rate law; and
6 generally relating to the constant yield tax rate.

7 BY repealing and reenacting, with amendments,
8 Article - Tax - Property
9 Section 2-205
10 Annotated Code of Maryland
11 (2001 Replacement Volume and 2004 Supplement)

12 BY repealing and reenacting, without amendments,
13 Article - Tax - Property
14 Section 6-308
15 Annotated Code of Maryland
16 (2001 Replacement Volume and 2004 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
18 MARYLAND, That the Laws of Maryland read as follows:

19 **Article - Tax - Property**

20 2-205.

- 21 (a) In this section, "taxing authority" means:
- 22 (1) the county council or board of county commissioners of a county;
 - 23 (2) the City Council of Baltimore City; and
 - 24 (3) the governing body of a municipal corporation.

1 (b) (1) On or before February 14 of each year, the Department shall send
2 each taxing authority:

3 (i) an estimate of the total assessment of all real property in the
4 county or municipal corporation for the next taxable year; and

5 (ii) an estimate of the total assessment:

6 1. of all new construction and improvements in the county or
7 municipal corporation not assessed since the last date of finality; and

8 2. of all real property in the county or municipal corporation
9 that may be deleted from the assessment records.

10 (2) The Department shall notify each taxing authority of any change in
11 the estimated assessment of all real property in the county or the municipal
12 corporation that results from actions of a property tax assessment appeal board or the
13 Maryland Tax Court.

14 (c) (1) The Department shall notify each taxing authority of the constant
15 yield tax rate that will provide the same property tax revenue that is provided by the
16 real property tax rate that is in effect for the current taxable year.

17 (2) In calculating a constant yield tax rate for a taxable year, the
18 Department shall use an estimate of the total assessment of all real property for the
19 next taxable year exclusive of real property that appears for the 1st time on the
20 assessment records.

21 (3) On or before May 15 of each year, the Department may amend a
22 constant yield tax rate but only:

23 (i) when directed to make a change by an enactment of the General
24 Assembly;

25 (ii) to correct an error in the calculation of the constant yield tax
26 rate; or

27 (iii) to reflect a significant loss of taxable base, as determined by the
28 Director.

29 (d) The Director shall exempt a municipal corporation from the constant yield
30 tax rate provisions of § 6-308 of this article if a difference of less than [\$10,000]
31 \$25,000 exists between:

32 (1) the property tax revenue that is provided by applying the municipal
33 corporation real property tax rate for the preceding taxable year to the estimated
34 assessment of all real property in the municipal corporation; and

1 (2) the property tax revenue that is provided by applying the constant
2 yield tax rate for the next taxable year to the estimated assessment of all real
3 property in the municipal corporation.

4 (e) (1) The Director shall report to the Attorney General any taxing
5 authority that appears to have violated the requirements of § 6-308 of this article.

6 (2) The Attorney General shall investigate the report forwarded by the
7 Director. If the Attorney General finds that a taxing authority violated the
8 requirements of § 6-308 of this article, the Attorney General shall institute
9 appropriate legal action to effect compliance with the requirements of § 6-308 of this
10 article.

11 (3) If a court finds that a taxing authority violated § 6-308 of this article,
12 the real property tax rate of that taxing authority shall be the constant yield tax rate.

13 (f) A taxing authority that does not exceed the constant yield tax rate shall
14 notify the Department within the time set by the Director.

15 6-308.

16 (a) In this section, "taxing authority" means:

17 (1) the county council or board of county commissioners;

18 (2) the City Council of Baltimore City; and

19 (3) the governing body of a municipal corporation.

20 (b) (1) Unless the requirements of this section are met, a taxing authority
21 may not set a county or municipal corporation real property tax rate that exceeds the
22 constant yield tax rate in any taxable year excluding revenue from real property
23 appearing for the 1st time on the assessment roll.

24 (2) A taxing authority does not meet the requirements of this section
25 until it provides to the Department:

26 (i) on or before 15 days after the date of the advertisement
27 required by this section a copy of the entire newspaper page that carried the meeting
28 notice required by this section; or

29 (ii) the evidence that the Department requires of the mailing of the
30 notices described in subsection (c) of this section.

31 (c) If a taxing authority intends to set a county or municipal corporation real
32 property tax rate that exceeds the constant yield tax rate, it shall advertise to the
33 public by:

34 (1) placing an advertisement that satisfies the Department and meets
35 the requirements of this section in a newspaper of general circulation in the
36 jurisdiction of the taxing authority; or

1 (2) mailing a notice that meets the requirements of this section to each
2 property taxpayer who resides in the jurisdiction.

3 (d) (1) The advertisement shall be at least 1/4 of a page in size for counties
4 and 1/8 of a page in size for municipal corporations.

5 (2) The type that is used in the advertisement shall be:

6 (i) at least 18 point for counties; and

7 (ii) at least 12 point for municipal corporations.

8 (3) The advertisement may not be placed with legal notices or classified
9 advertisements.

10 (4) The headline for the advertisement shall be in bold print, with all
11 letters capitalized.

12 (5) The text of the advertisement, other than the headline, shall be in
13 upper and lower case letters.

14 (e) The notice or advertisement shall be in the following form:

15 "..... (NAME OF JURISDICTION) NOTICE
16 OF A PROPOSED
17 REAL PROPERTY TAX INCREASE

18 The..... (name of taxing authority) of..... (name of jurisdiction) proposes to
19 increase real property taxes.

20 1. For the tax year beginning July 1,....., the estimated real property
21 assessable base will increase by.....%, from \$..... to \$..... .

22 2. If..... (name of jurisdiction) maintains the current tax rate of \$..... per
23 \$100 of assessment, real property tax revenues will increase by.....% resulting in \$.....
24 of new real property tax revenues.

25 3. In order to fully offset the effect of increasing assessments, the real
26 property tax rate should be reduced to \$....., the constant yield tax rate.

27 4. The..... (county, city, town, etc.) is considering not reducing its real
28 property tax rate enough to fully offset increasing assessments. The..... (county, city,
29 town, etc.) proposes to adopt a real property tax rate of \$..... per \$100 of assessment.
30 This tax rate is.....% higher than the constant yield tax rate and will generate \$..... in
31 additional property tax revenues.

32 A public hearing on the proposed real property tax rate increase will be held at
33 (time) on..... (date) at..... (location).

34 The hearing is open to the public, and public testimony is encouraged.

1 Persons with questions regarding this hearing may call..... (phone number) for
2 further information."

3 (f) (1) The meeting on the proposed county or municipal corporation real
4 property tax rate increase shall be held:

5 (i) on or after the 7th day and on or before the 21st day after the
6 notice is published as required by subsection (c) of this section; and

7 (ii) on or before June 17th before the date required by law for
8 imposition of the real property tax.

9 (2) The meeting may coincide with the meeting on the proposed budget
10 of the taxing authority.

11 (3) In computing periods of time under this subsection all calendar days
12 shall be counted including Saturdays, Sundays, and holidays.

13 (g) After the meeting, the taxing authority may adopt by law an increase in
14 the county or municipal corporation real property tax rate that exceeds the constant
15 yield tax rate:

16 (1) on the day of the meeting; or

17 (2) on a later day, if the day, time, and location to consider the increase
18 are announced at that meeting.

19 (h) The requirements of this section do not apply if a taxing authority:

20 (1) increases the county or municipal corporation real property tax rate
21 above the constant yield tax rate solely because of the reduction in the taxing
22 authority's real property assessable base due to the final determination of assessment
23 appeals; or

24 (2) sets a county or municipal corporation real property tax rate that
25 does not exceed the constant yield tax rate.

26 (i) (1) Annually, a county shall include on the face of a real property tax bill:

27 (i) the county real property tax rate and the constant yield tax rate
28 for the taxable year;

29 (ii) the amount, if any, by which the county real property tax rate
30 exceeds the constant yield tax rate; and

31 (iii) a designation that the property is either the owner's "principal
32 residence" or "not a principal residence".

33 (2) A county shall also mail with the real property tax bill the
34 information described below in substantially the following form:

"Constant Yield Tax Rate

1
2 1. In the last taxable year the county (or Baltimore City) real property tax
3 rate was....., and the certified assessment of the net assessable real property was
4 \$..... . The assessment multiplied by the rate produced real property tax revenues of
5 \$..... .

6 2. For this taxable year the certified assessment of the net assessable real
7 property is \$..... . To produce the same real property tax revenues as last year the real
8 property tax rate would be..... . This rate is called the constant yield tax rate.

9 3. For this taxable year the actual real property tax rate is....., which is (the
10 same as) (different from) the constant yield tax rate. (If different, the rate is..... (more)
11 (less) than the constant yield tax rate and will produce in real property tax revenues
12 \$..... (more) (less) than would be produced by the constant yield tax rate)."

13 (j) A taxing authority that in good faith has made all reasonable efforts to
14 comply with the requirements of subsections (b) through (g) of this section and
15 provides satisfactory evidence to the Department that any lack of compliance with the
16 requirements was for reasons beyond the taxing authority's control:

17 (1) is deemed to have complied with the requirements; and

18 (2) may set a real property tax rate that exceeds the constant yield tax
19 rate.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
21 effect October 1, 2005.