
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

Committee Report: Favorable

House action: Adopted

Read second time: February 15, 2005

CHAPTER _____

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:

1 **Article - Tax - Property**

2 2-205.

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

4 (1) the county council or board of county commissioners of a county;

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

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

7 (b) (1) On or before February 14 of each year, the Department shall send
8 each taxing authority:9 (i) an estimate of the total assessment of all real property in the
10 county or municipal corporation for the next taxable year; and

11 (ii) an estimate of the total assessment:

12 1. of all new construction and improvements in the county or
13 municipal corporation not assessed since the last date of finality; and14 2. of all real property in the county or municipal corporation
15 that may be deleted from the assessment records.16 (2) The Department shall notify each taxing authority of any change in
17 the estimated assessment of all real property in the county or the municipal
18 corporation that results from actions of a property tax assessment appeal board or the
19 Maryland Tax Court.20 (c) (1) The Department shall notify each taxing authority of the constant
21 yield tax rate that will provide the same property tax revenue that is provided by the
22 real property tax rate that is in effect for the current taxable year.23 (2) In calculating a constant yield tax rate for a taxable year, the
24 Department shall use an estimate of the total assessment of all real property for the
25 next taxable year exclusive of real property that appears for the 1st time on the
26 assessment records.27 (3) On or before May 15 of each year, the Department may amend a
28 constant yield tax rate but only:29 (i) when directed to make a change by an enactment of the General
30 Assembly;31 (ii) to correct an error in the calculation of the constant yield tax
32 rate; or33 (iii) to reflect a significant loss of taxable base, as determined by the
34 Director.

1 (d) The Director shall exempt a municipal corporation from the constant yield
2 tax rate provisions of § 6-308 of this article if a difference of less than [\$10,000]
3 \$25,000 exists between:

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

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

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

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

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

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

21 6-308.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 "..... (NAME OF JURISDICTION) NOTICE
 22 OF A PROPOSED
 23 REAL PROPERTY TAX INCREASE

24 The..... (name of taxing authority) of..... (name of jurisdiction) proposes to
 25 increase real property taxes.

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

28 2. If..... (name of jurisdiction) maintains the current tax rate of \$..... per
 29 \$100 of assessment, real property tax revenues will increase by.....% resulting in \$.....
 30 of new real property tax revenues.

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

33 4. The..... (county, city, town, etc.) is considering not reducing its real
 34 property tax rate enough to fully offset increasing assessments. The..... (county, city,

1 town, etc.) proposes to adopt a real property tax rate of \$..... per \$100 of assessment.
2 This tax rate is.....% higher than the constant yield tax rate and will generate \$..... in
3 additional property tax revenues.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7 "Constant Yield Tax Rate

8 1. In the last taxable year the county (or Baltimore City) real property tax
9 rate was....., and the certified assessment of the net assessable real property was
10 \$..... . The assessment multiplied by the rate produced real property tax revenues of
11 \$..... .

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

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

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

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

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

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