

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 741
(Senator Jackson)
Budget and Taxation

Charles County - Blighted Property - Special Property Tax Rate

This bill authorizes Charles County to set a special property tax rate for blighted property, as defined by local law, that is 12.5% greater than the county real property tax rate. **The bill takes effect June 1, 2022, and applies to taxable years beginning after June 30, 2022.**

Fiscal Summary

State Effect: None.

Local Effect: Charles County property tax revenues may increase beginning in FY 2023 to the extent an increased special property tax rate is imposed on blighted property. County expenditures are not affected.

Small Business Effect: Minimal.

Analysis

Current Law: Title 8 of the Tax Property Article establishes the methods of property valuation and assessments and lists those classifications of property created by the General Assembly. For assessment purposes, property is divided into two classes – real property and personal property. Real property is divided into 11 subclasses and personal property is divided into 7 subclasses. The State only imposes a property tax on real property, whereas county governments impose separate tax rates for real and personal property. State and county governments are not authorized to set separate property tax rates among different subclasses of property.

Unlike the State and county governments, municipalities have broader discretion to impose property tax rates on different classes of property. Municipalities may impose property taxes on those classes of property that it selects to be subject to the municipal property tax. In addition, municipalities retain the authority to classify property for local purposes and to impose different tax treatment on those classes. Furthermore, municipalities have the express power to exempt classes of property from taxation. Moreover, because municipalities may select the classes of property to be taxed and may set special rates for any class of property that is subject to the municipal property tax, municipalities retain the authority to levy different tax rates on selected classes of property.

The Maryland Municipal League reports that several municipalities have established a separate property class for municipal property tax purposes, including Cheverly, Colmar Manor, Cottage City, Forest Heights, Mount Rainier, North Brentwood, and Upper Marlboro in Prince George's County; Hagerstown in Washington County; and Pocomoke City in Worcester County.

Five of the municipalities in Prince George's County impose a separate property tax rate for commercial real property, and two impose a separate rate for multifamily residential dwellings. Hagerstown imposes a higher real property tax rate for apartment buildings. Pocomoke City imposes a separate property tax rate for nonowner occupied property.

Additional information on local property tax rates can be found in the *Local Government Overview Report* and *County Revenue Outlook Report*.

- [*Local Government Overview Report*](#) summarizes local government demographic and financial information. The report includes a section on [county property tax rates](#) and the [combined county-municipal property tax rates](#) in each jurisdiction.
- [*County Revenue Outlook Report*](#) analyzes the annual revenue growth for major county taxes and includes information on local tax rates. The report includes a section on county property tax rates.

Local Fiscal Effect: Charles County property tax revenues may increase beginning in fiscal 2023 to the extent an increased special property tax rate is imposed on blighted property. The amount of the revenue increase cannot be reliably estimated and depends on whether or not the county decides to establish a new property tax rate for blighted property, as well as the number of blighted property tax accounts and the assessed value of each.

For fiscal 2022, the Charles County real property tax rate is set at \$1.205 per \$100 of assessment. The bill authorizes the county government to increase the real property tax rate for blighted property by 12.5%, resulting in a property tax rate of \$1.355 per \$100 of

assessment. As a point of reference, Charles County property tax revenues will increase by \$151 for every \$100,000 of blighted property subject to the higher real property tax rate.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 1114 (Delegate Davis) - Ways and Means.

Information Source(s): Charles County; Department of Legislative Services

Fiscal Note History: First Reader - March 1, 2022
js/hlb

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