

Department of Legislative Services  
Maryland General Assembly  
2025 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 1330  
Ways and Means

(Delegate R. Long)

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**Baltimore County - Residential Real Property - Moratorium on Assessment  
Increases and Review of Assessment Practices and Methodology**

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This bill prohibits an increase in residential property tax assessments in Baltimore County for fiscal 2026 and 2027, except in specified circumstances. The State Department of Assessments and Taxation (SDAT) must study the residential real property assessment practices and methodology used by the department and report any findings and recommendations to the Governor and General Assembly by December 1, 2026. **The bill takes effect June 1, 2025.**

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**Fiscal Summary**

**State Effect:** Annuity Bond Fund (ABF) revenues decrease by \$5.8 million in FY 2026 and by \$11.6 million in FY 2027. The revenue decrease may require either (1) an increase in the State property tax rate or (2) a general fund appropriation to cover debt service on the State's general obligation (GO) bonds. General fund expenditures increase by \$278,000 in FY 2026 for SDAT to hire a consultant to conduct the required study.

**Local Effect:** Baltimore County revenues may decrease by \$57.2 million in FY 2026 and by \$114.4 million in FY 2027, assuming the county government maintains the current property tax rate. Any revenue decrease resulting from the moratorium on assessment increases can be mitigated through higher property tax rates. Baltimore County expenditures are not directly affected.

**Small Business Effect:** Potentially meaningful.

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## Analysis

**Bill Summary:** The bill imposes a moratorium on residential assessment increases in Baltimore County over a two-year period (fiscal 2026 and 2027) by specifying that the assessed value of residential real property, including the phased-in value of the residential real property, may not be increased over the prior year amount. Exceptions are made in the following circumstances: (1) the zoning classification is changed at the initiative of the owner or anyone having an interest in the property; (2) a change in use or character occurs; (3) substantially completed improvements are made, which add at least \$100,000 in value to the property; (4) an error in calculation or measurement of the real property caused the value to be erroneous; (5) a residential use assessment is terminated; or (6) a subdivision occurs.

### *Review of Assessment Practices and Methodology*

By December 1, 2026, SDAT must retain an independent third party to (1) study the residential real property assessment practices and methodology of the department and (2) recommend any alterations to the assessment practices and methodology necessary to ensure the department utilizes best practices when assessing residential real property. SDAT must report any study findings and recommendations to the Governor and General Assembly.

**Current Law:** Real property is valued and assessed once every three years by SDAT. This approach, the triennial assessment process, was part of major property tax reform established in 1979. Prior to June 1, 2018, statute required that assessments be based on a physical inspection; however, Chapter 651 of 2018 repealed the requirement that the department value all real property based on an exterior physical inspection of the real property. Instead, the department must value real property based on a review of each property in each three-year cycle. The review by the department must include a physical inspection of a property if (1) the value of improvements to the property is being initially established; (2) the value of substantially completed improvements is being established; (3) the property is the subject of a recent sale, and the inspection is deemed necessary by the department for purposes of market analysis; (4) the property owner requests a physical inspection as part of an active appeal; (5) the department is notified by a county finance officer that a substantially completed improvement has been made that adds at least \$1.0 million in value to the property; or (6) the department determines that a physical inspection is appropriate. The assessor determines the “full cash value” of the property and any increase in value is phased in over a three-year period. Any decrease, however, is recognized immediately for assessment purposes.

In any year of a three-year cycle, real property must be revalued if any of the following factors causes a change in the value of the real property: (1) the zoning classification is

changed at the initiative of the owner or anyone having an interest in the property; (2) a change in use or character occurs; (3) substantially completed improvements are made that add at least \$100,000 in value to the property; (4) an error in calculation or measurement of the real property caused the value to be erroneous; (5) a residential use assessment is terminated; or (6) a subdivision occurs.

*Property Assessment Increases*

The real property tax base in Baltimore County is projected to increase by \$5.2 billion in fiscal 2026, after accounting for the homestead property tax credits. This represents a 5.1% annual increase in taxable assessments. As shown in **Exhibit 1**, the real property tax base in Baltimore County has realized modest growth since fiscal 2020, with higher growth rates in more recent years. Additional information on property tax assessments is provided in the [Local Government Overview Report](#), which charts the triennial change in the full cash value for each assessment group since 2016.

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**Exhibit 1**  
**Baltimore County Real Property Tax Base**  
**Annual Percent Change**

<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
3.2%	3.1%	2.9%	3.0%	3.5%	4.5%	5.1%

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**State Revenues:** ABF revenues decrease by \$5.8 million in fiscal 2026 and by \$11.6 million in fiscal 2027 as a result of freezing property tax assessments in Baltimore County for both fiscal 2026 and fiscal 2027. This estimate is based on the current State property tax rate of \$0.112 and the projected decrease in property tax assessments in Baltimore County which could total \$5.2 billion in fiscal 2026 and \$10.4 billion in fiscal 2027.

*Impact on Debt Service Payments*

Debt service payments on the State’s GO bonds are paid from the ABF. Revenue sources for the fund include State property taxes, premium from bond sales, and repayments from certain State agencies, subdivisions, and private organizations. General funds may be appropriated directly to the ABF to make up any differences between the debt service payments and funds available from property taxes and other sources. The fiscal 2026 State budget includes \$1.4 billion for GO debt service costs, including \$181.7 million in

general funds, \$1.2 billion in special funds from the ABF, \$1.7 million in transfer tax revenues, and \$2.6 million in federal funds.

To offset the reduction in State property tax revenues, general fund expenditures could increase in an amount equal to the decrease in the ABF revenues, or the State property tax rate would have to be increased to meet debt service payments.

**State Expenditures:** General fund expenditures increase by \$278,000 in fiscal 2026 for SDAT to hire a consultant to evaluate the department's assessment practices and methodology.

**Local Fiscal Effect:** Baltimore County revenues may decrease by \$57.2 million in fiscal 2026 and by \$114.4 million in fiscal 2027, assuming the county government maintains the current property tax rate at \$1.10 per \$100 of assessment. This estimate is based on the projected decrease in property tax assessments totaling \$5.2 billion in fiscal 2026 and \$10.4 billion in fiscal 2027.

Any revenue decrease resulting from the moratorium on assessment increases can be mitigated through higher property tax rates. A one cent increase in the county's property tax rate is projected to generate approximately \$10.65 million. Therefore, to fully offset the projected revenue loss, the county government may be required to raise the county property tax rate by 5.5 cents in fiscal 2026 and by 11.0 cents in fiscal 2027.

It should be noted that Baltimore County already imposes the maximum 3.2% local income tax rate and therefore will be limited in their ability to offset the projected revenue loss from the moratorium on assessment increases by tapping into other revenue sources. Based on fiscal 2023 audited data, the property tax accounts for 46.2% of the county government's total tax revenues, while the local income tax accounts for 45.7%. All other local taxes account for the remaining 8.1%.

Information on local tax rates and revenue collections for each county government is provided in the [County Revenue Outlook Report](#).

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### **Additional Information**

**Recent Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** None.

**Information Source(s):** Baltimore County; State Department of Assessments and Taxation; Department of Legislative Services

**Fiscal Note History:** First Reader - February 25, 2025  
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Analysis by: Michael Sanelli

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510