

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 183

(Chair, Budget and Taxation Committee)(By Request -
Departmental - Assessments and Taxation)

Budget and Taxation

Ways and Means

**State Department of Assessments and Taxation - Notification of Constant Yield
Tax Rate - Alteration**

This departmental bill alters the requirement that the State Department of Assessments and Taxation (SDAT) calculate the constant yield tax rate for each taxable year and notify each jurisdiction of its constant yield tax rate. Under the bill, the department only has to calculate the constant yield tax rate for a jurisdiction if requested to do so by a taxing authority by February 1. **The bill takes effect June 1, 2025.**

Fiscal Summary

State Effect: Potential minimal administrative cost savings for SDAT related to not calculating the constant yield tax rate for each jurisdiction.

Local Effect: None. The bill does not alter any local notification requirements related to local property tax rates.

Small Business Effect: SDAT has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Current Law: The “constant yield” is a concept that, as property values fluctuate, the tax rate would be adjusted so that the revenue derived from the property tax stays at a constant level from year to year, thus assuring a local government a “constant yield” from its tax source. The constant yield tax rate is the rate that, when applied to the current

assessable base, yields the same property tax revenue as in the prior year. Generally, when there is growth in the real property assessable base, the constant yield tax rate is lower than the existing tax rate. SDAT must notify all counties and municipalities by February 14 of their constant yield tax rates for the upcoming fiscal year.

Baltimore City and county governments must set or alter the homestead property tax credit percentage in a taxable year by March 15 and then notify SDAT of any changes. Municipalities must do the same by March 25. The department is authorized to recalculate the constant yield tax rate by April 15 if a county or municipality changes the homestead tax credit percentage. In addition, assessment notices must include a statement that the taxable assessment may change if a county or municipality changes the homestead tax credit percentage, and that the final taxable assessment will be stated on the next property tax bill.

Public Notice Requirements

Chapter 531 of 2023 repealed the public notice requirements for when a taxing authority set a real property tax rate that exceeds the constant yield rate. Instead, a taxing authority must provide public notice of increases in the real property tax rate. A taxing authority that intends to increase its real property tax rate must (1) place a public notice in a newspaper of general circulation in the taxing authority's jurisdiction and (2) publish a copy of the notice on the taxing authority's website; or, if the taxing authority does not have a website, post a copy of the notice in a place that is easily accessible to the public. A property taxpayer must be notified of increases in the real property tax rate on their property tax bill. Information about the effect of rising assessments on the amount of taxes owed must be included with assessment notices and property tax bills.

State Fiscal Effect: SDAT indicates that the constant yield tax rates are becoming less accurate as more jurisdictions apply different property tax rates to vacant properties, as authorized by Chapter 277 of 2024. Currently, the department has one analyst who is responsible for tabulating and reporting all real property data, including the calculation of the constant yield property tax rates. As a result, the department anticipates minimal administrative cost savings, beginning in fiscal 2026, resulting from only having to calculate the constant yield property tax rate and notify a jurisdiction of the constant yield tax rate upon request of the jurisdiction.

For fiscal 2025, Baltimore City and all 23 counties have a property tax rate that exceeds the constant yield rate. The revenue yield from property tax rates above the constant yield is estimated at \$437.3 million in fiscal 2025. Information on constant yield property tax rates for county governments can be found on the Department of Legislative Services [website](#).

Additional Information

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

Designated Cross File: HB 133 (Chair, Ways and Means Committee)(By Request - Departmental - Assessments and Taxation) - Ways and Means.

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

Fiscal Note History: First Reader - January 14, 2025
km/hlb Third Reader - March 17, 2025
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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: State Department of Assessments and Taxation - Notification of Constant Yield Tax Rate - Repeal

BILL NUMBER: SB183

PREPARED BY: Joshua Greenberg

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

 X WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL
BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS