

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 204

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

Budget and Taxation

**Property Tax - Deadline to Set County and Municipal Corporation Tax Rates -
Alteration**

This departmental bill alters the date by which county and municipal governments must set their property tax rates for the upcoming fiscal year by moving the date up from July 1 to June 1. **The bill takes effect July 1, 2025.**

Fiscal Summary

State Effect: None. The bill does not materially affect State Finances.

Local Effect: None. A limited survey of local jurisdictions indicates that the changes may affect local budget processes and could require changes to local charters.

Small Business Effect: The State Department of Assessments and Taxation (SDAT) has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services (DLS) concurs with this assessment.

Analysis

Current Law: County and municipal governments must set their property tax rates for the upcoming fiscal year by July 1.

Background: A well-defined statutory relationship exists between the State and local governments in the administration of the property tax system. While property tax revenues are a relatively minor revenue source to the State, the State has assumed responsibility for

the valuation and assessment of property. Local governments, on the other hand, levy and collect property taxes.

SDAT reports that property tax rates must be set by local jurisdictions before SDAT is able to calculate the homeowners' tax credits for affected property tax bills and before the department can create tax billing files to send to the local jurisdictions for billing purposes. The department advises that the July 1 date for setting tax rates can cause delays for calculating the homeowners' property tax credits, if jurisdictions send tax rate information to SDAT late, which may delay the creation of the tax billing files for local jurisdictions. This could then result in delays for mailing tax bills by the local jurisdictions, or in some cases, mailing revised bills to some homeowners.

Local Fiscal Effect: The bill is not anticipated to have any direct impact on local finances. However, a limited survey of county and municipal governments indicates that the bill may impact local budget processes, as discussed below.

Harford County reports that the requirements of the bill contradict the Harford County Code (Section 123-12-C), which allows the county council to adopt the county budget 15 calendar days prior to the beginning of the fiscal year. However, the county notes that the bill should not have an impact on county revenues or expenditures.

Montgomery County reports that the bill does not have an impact on county operations or finances other than having to revise its charter to allow for the earlier date. However, the bill may impact some of the smaller municipalities in the county with regard to the timing of budget deliberations and may require municipal charter amendments.

Wicomico County advises that the bill will impact the county's budget process. The county reports that the budget is not submitted to the county council until the third Tuesday in April which could affect the determination of the county property tax rate. There are only two meetings in May (first and third Tuesday) when the county could adopt the tax rate, but the budget process typically goes until at least the first meeting in June. In addition, the county advises that the earliest date by which the county could potentially change the charter is during the 2026 election cycle via a ballot initiative.

The Maryland Municipal League reports that the bill could require municipalities to make certain budget decisions one month sooner than under current law. This would impact the timeline of current budget discussions and may require municipal charter amendments.

Information on county and municipal property tax rates can be found in the [Local Government Overview](#) report. A copy of the most recent report is available on the DLS [website](#).

Additional Information

Recent Prior Introductions: None.

Designated Cross File: HB 101 (Chair, Ways and Means Committee)(By Request - Departmental - Assessments and Taxation) - Ways and Means.

Information Source(s): Harford County; Montgomery County; Wicomico County; Maryland Municipal League; City of College Park; City of Frostburg; City of Rockville; State Department of Assessments and Taxation; Department of Legislative Services

Fiscal Note History: First Reader - January 14, 2025
km/hlb

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Property Tax - Deadline to Set County and Municipal Corporation Tax Rates – Alteration

BILL NUMBER: SB 204

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