

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 416
Ways and Means

(Prince George's County Delegation)

**Prince George's County - Special Rate for Vacant and Abandoned Property -
Application of County Tax Limitation
PG 412-25**

This bill provides that the Prince George’s County tax rate limitation does not apply to a property tax rate set by the county on certain vacant and abandoned property. **The bill takes effect June 1, 2025, and applies to taxable years beginning after June 30, 2025.**

Fiscal Summary

State Effect: None.

Local Effect: Potential increase in Prince George’s County property tax revenues to the extent that a special property tax rate is established for vacant and abandoned property. County expenditures are not directly affected.

Small Business Effect: None.

Analysis

Current Law: In Prince George’s County, the general property tax rate is capped at \$0.96 per \$100 of assessed value. In addition, the county also imposes a \$0.04 supplemental property tax rate to fund the local school system, as authorized under State law. Special taxing districts, such as the Maryland-National Capital Park and Planning Commission (M-NCPPC), are not included under the property tax rate cap.

Property Valuation and Assessments

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, except for vacant and abandoned 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.

Several municipalities have established a separate property class for municipal property tax purposes, including the following municipalities in Prince George's County: Bladensburg, Cheverly, College Park, Colmar Manor, Cottage City, Forest Heights, Mount Rainier, North Brentwood, and Upper Marlboro.

Authority of Counties to Establish a Subclass and Set a Special Rate for Vacant and Abandoned Property

Chapter 277 of 2024 authorized Baltimore City and county governments to establish, by law, a subclass of real property consisting of vacant lots or improved property cited as vacant and unfit for habitation or other authorized use on a housing or building violation notice. Baltimore City and county governments are authorized to set a special property tax rate for a vacant lot or improved property cited as vacant and unfit for habitation or other authorized use on a housing or building violation notice. Jurisdictions that enact a special property tax rate must report that rate to the State Department of Assessments and Taxation.

Tax Limitation Measures

Five charter counties (Anne Arundel, Montgomery, Prince George's, Talbot, and Wicomico counties) have amended their charters to limit property tax rates or revenues. In Anne Arundel County, the total annual increase in property tax revenues is limited to the

lesser of 4.5% or the increase in the Consumer Price Index (CPI). In Montgomery County, a real property tax rate that exceeds the real property tax rate approved for the previous year may only be adopted if approved by all members of the county council. In Prince George's County, the general property tax rate is capped at \$0.96 per \$100 of assessed value. Special taxing districts, such as M-NCPPC, are not included under the tax cap. In Wicomico County, the total annual increase in property tax revenues is limited to the lesser of 2% or the increase in CPI. In Talbot County, the total annual increase in property tax revenues is limited to 2%. However, in fiscal 2022 through 2026, the property tax rate set by the county council can exceed the charter limit by 1.0 cent.

Counties may exceed the charter limitations on local property taxes for the purpose of funding the approved budget of the local boards of education. If a local property tax rate is set above the charter limit, the county governing body may not reduce funding provided to the local board of education from any other local source and must appropriate to the local board of education all of the revenues generated from any increase beyond the existing charter limit. This authority was adopted at the 2012 regular session to ensure that counties have the fiscal ability to meet education Maintenance of Effort requirements.

In fiscal 2013, Talbot County became the first jurisdiction to exercise this new authority by establishing a 2.6 cent supplemental property tax rate for the local board of education. In fiscal 2016, Prince George's County became the second county to do so by enacting a 4.0 cent supplemental property tax rate to fund its schools. This authority has also been used by Montgomery County in fiscal 2017 and by Anne Arundel County in fiscal 2020. For fiscal 2024, three counties (Anne Arundel, Montgomery, and Talbot counties) imposed a property tax rate exceeding the charter limit. For fiscal 2025, only Talbot County imposed a property tax rate that exceeded the charter limit.

Local Fiscal Effect: The bill allows Prince George's County to raise revenue from a special property tax rate on vacant and abandoned property in excess of the county's property tax rate limit. The amount of any revenue increase depends on the special property tax rate set by the county government.

Additional information on local property tax rates in Prince George's County is available in the *Local Government Overview Report* which provides exhibits on the combined [county-municipal property tax rates](#) for each municipality and the [special property tax rates](#) for the county government.

Additional Information

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

Designated Cross File: None.

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

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km/hlb

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