

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1224 (Prince George's County Delegation)
Ways and Means

Property Taxes - Special Rate for Vacant and Abandoned Property - Charter
County Tax Limitation
PG 408-26

This bill authorizes a charter county to set a special property tax rate on specified vacant and abandoned property that exceeds any limit in the county charter on the property tax rate or property tax revenues. Revenue generated from the special tax rate may be distributed to the county general fund. **The bill takes effect June 1, 2026, and applies to taxable years beginning after June 30, 2026.**

Fiscal Summary

State Effect: None.

Local Effect: Potential revenue increase in Anne Arundel, Montgomery, Prince George's, Talbot, and Wicomico counties. County expenditures are not directly affected.

Small Business Effect: None.

Analysis

Current Law:

Tax Limitation Measures

There are 11 charter counties in the State: Anne Arundel, Baltimore, Cecil, Dorchester, Frederick, Harford, Howard, Montgomery, Prince George's, Talbot, and Wicomico counties.

Five charter counties (Anne Arundel, Montgomery, Prince George's, Talbot, and Wicomico) 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 the Maryland-National Capital Park and Planning Commission, 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 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) imposed a property tax rate exceeding the charter limit. For fiscal 2025 and 2026, only Talbot County imposed a property tax rate that exceeded the charter limit.

Property Classification for Assessment Purposes

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. Several county governments do not impose a personal property tax on business property.

Prior to fiscal 2025, Baltimore City and county governments were not authorized to set separate property tax rates among different subclasses of property. However, Chapter 277

of 2024 authorized Baltimore City and county governments, beginning July 1, 2024, 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 properties within this subclass. An annual reporting requirement was included for jurisdictions that enact a special property tax rate. In addition, Chapter 170 of 2025 authorizes Baltimore City to impose the city's regular property tax rate and a special tax rate for specified vacant property on real property that would otherwise be exempt from taxation, if the real property is (1) a vacant lot or (2) improved property cited as vacant and unfit for habitation or other authorized use on a housing or building violation notice.

Local Fiscal Effect: The bill allows Anne Arundel, Montgomery, Prince George's, Talbot, and Wicomico counties to set a special property tax rate on certain vacant and abandoned property that exceeds any limit in the county charter on the property tax rate or property tax revenues. The revenue generated from these special rates may be distributed to the county general fund. This legislation will enable charter counties to take advantage of the authority provided in Chapter 277, in cases in which the county's current property tax rate is already set at the maximum level provided under the county charter.

Information on local tax rates and revenue collections for each county government is provided in the [County Revenue Outlook Report](#). A copy of this report is available 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: None.

Information Source(s): Prince George's County; Maryland Association of Counties; Maryland Municipal League; State Department of Assessments and Taxation; Department of Legislative Services

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jg/hlb

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