



City of Havre de Grace

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January 25, 2021

The Honorable Guy Guzzone
Chair, Budget and Taxation Committee
3 West
Miller Senate Office Building
Annapolis, Maryland 21401

RE: Oppose - SB 174 – Property Tax Assessments – 5–Year Assessment Cycle

Chairman Guzzone and The Honorable Members of the Budget and Taxation Committee:

The City of Havre de Grace opposes Senate Bill 174. If passed, the legislation would change the current triennial property assessment cycle to a 5-year cycle.

The City of Havre de Grace, in the fiscal year 2021, passed a \$20,346,300 operating budget with \$8,644,700 or 42% of the budget's revenue being collected from real property tax. The City's current tax rate is fixed at \$0.565 on each \$100 of assessable real property. Real property taxes are the main source of revenues to provide our citizens with essential public services, including but not limited to public safety, trash collection, public parks, and street infrastructure maintenance.

Over the last decade, in the State of Maryland, property values have increased on average 3% annually. Suppose SB 174 passes and home prices continue to rise at this rate each year; in that case, this will inhibit the City's ability to make accurate, reliable long-term revenue forecasts. Additionally, this will require the City to increase the tax rate more frequently to cover increases in the costs to provide services. Otherwise, we will be forced to reduce costs through reduced staffing, delayed maintenance, or replacement to comply with the City Charter and keep a balanced budget.

If a \$100,000 property were to increase \$3,000 a year, it would be assessed under the present law and SB 174 as follows.

	Current	vs	Proposed SB 147	
Year 1 -	\$100,000	vs	\$100,000	(No difference)
Year 2 -	\$100,000	vs	\$100,000	(No difference)
Year 3 -	\$100,000	vs	\$100,000	(No difference)
Year 4 -	\$109,000	vs	\$100,000	(\$9,000 less)
Year 5 -	\$109,000	vs	\$100,000	(\$9,000 less)
Year 6 -	\$109,000	vs	\$115,000	(\$6,000 more)
Year 7 -	\$118,000	vs	\$115,000	(\$3,000 less)
Year 8 -	\$118,000	vs	\$115,000	(\$3,000 less)
Year 9 -	\$118,000	vs	\$115,000	(\$3,000 less)
Year 10 -	\$127,000	vs	\$115,000	(\$12,000 less)

The City of Havre de Grace urges the Committee to give SB 174 an unfavorable report.