



**DEPARTMENT OF  
ASSESSMENTS AND TAXATION**

*Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor · Michael L. Higgs, Jr., Director*

**DATE:** January 27, 2021

**BILL NUMBER:** SB0174

**COMMITTEE:** Budget and Taxation

**BILL TITLE:** Property Tax Assessments – 5–Year Assessment Cycle

**SDAT POSITION:** Support

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The State Department of Assessments and Taxation (SDAT) supports SB0174, a bill that would require the Department to assess each real property account in the State once every five years except where certain statutory criteria call for more frequent valuations.

There are more than two million real property accounts in Maryland. Currently, the Department must assess each of these properties once every three years. SDAT is tasked with reassessing over 700,000 properties annually. Amending the requirement to assess each property once every five years will reduce the burden of reassessing over 700,000 properties annually to an estimated 400,000.

The International Association of Assessing Officers (IAAO) is the association that sets the standards governing the property assessment field. IAAO recommends assessment cycles that range up to five years, therefore the department's proposed new regulation would fit within industry standards. Also, owing to the State's Constant Yield law, none of the counties or municipalities will see any reduction in tax revenues coming from the revised assessment cycle.

Most states have the assessment done at the county or town level with no statutory assessment cycle. Many of those perform a ratio study annually and the values are only adjusted if the values are outside of a prescribed range. Several states only reassess upon the sale of the property.

Among the states that use multi year assessment cycles, many cycles are five years or longer:

- 5 years - Alabama, Arkansas, South Carolina
- 6 years - Ohio, Oregon
- 8 years - North Carolina
- 10 years - Connecticut, Rhode Island

*Office of the Director*

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The Department will save an additional \$247,934 in General Funds in Fiscal Year 2022. The proposed legislation will save \$247,934 in the counties' share of cost for running the Real Property program.

For these reasons, SDAT strongly urges a favorable vote by the Committee for Senate Bill SB0174.

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