

SB 543_FAV_MML.pdf

Uploaded by: Justin Fiore

Position: FAV



Maryland Municipal League
The Association of Maryland's Cities and Towns

TESTIMONY

February 16, 2022

Committee: Senate Budget and Taxation Committee

Bill: SB 543 – Property Tax – Constant Yield Tax Rate – Notice Requirements

Position: Support

Reason for Position:

The Maryland Municipal League supports SB 543 which provides an alternative public notice when local revenues rise as a result of SDAT assessments, but the local property tax rate remains the same.

Since its inception, the Constant Yield Tax Rate and its prescriptive notification have been unnecessarily confusing for residents and elected officials. A local government could actually LOWER the property tax rate compared to the prior year and still have to publish a legal notice identifying it as a “proposed real property tax increase” if that rate would bring in an additional \$25,000 of revenue on the whole due to new assessments. We believe it would make more sense for SDAT to notify homeowners that their assessment of the property may lead to a change in the total property tax owed to a local jurisdiction.

Across the state, local governments spend thousands of dollars each year to post these notices when the vast majority are seeking to maintain the current real property tax rate. This bill would at least help with the confusion and consternation of residents who often incorrectly assume their property tax rates are being raised.

The Maryland Municipal League therefore respectfully requests the Committee provide SB 543 with a favorable report.

FOR MORE INFORMATION CONTACT:

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Angelica Bailey

Executive Director
Director, Government Relations

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Bill Jorch
Justin Fiore

Director, Research & Policy Analysis
Manager, Government Relations

SB0543-BT_MACo_SUP.pdf

Uploaded by: Kevin Kinnally

Position: FAV



Senate Bill 543

Property Tax - Constant Yield Tax Rate - Notice Requirements

MACo Position: **SUPPORT**

To: Budget and Taxation Committee

Date: February 16, 2022

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** SB 543. By updating the antiquated, inefficient, and confusing constant yield tax law, this bill would provide shared constituents with a more efficient, accurate, and transparent overview of local policy decisions and deliberations.

The Constant Yield concept is that, as assessments rise, the tax rate should drop to the point that the revenue derived from the property tax stays at a constant level from one year to the next. Because property assessments typically grow in value, constant yield rates are typically lower than the previous year's actual tax rate.

Under current law, local governments must advertise and hold public hearings on proposals to enact a tax rate that exceeds the constant yield rate – even if the actual rate remains unchanged. Because statute requires the advertisement to include "Notice of Tax Increase," constituents often do not understand that a county has simply adopted the same tax rate that had been in effect and that the notice is solely a function of a statutory requirement.

While SB 543 keeps the advertisement requirements in place, the bill replaces misleading and deceiving language with a more accurate description of local fiscal considerations. This will make the notice easier to understand, thereby improving government transparency and accountability.

SB 543 would make necessary and timely changes to outmoded provisions of Maryland's constant yield tax law, which will allow local governments to better serve and react to community needs. Accordingly, MACo urges the Committee to issue a **FAVORABLE** report for SB 543.

SB0543-BT-FAV.pdf

Uploaded by: Natasha Mehu

Position: FAV



BRANDON M. SCOTT
MAYOR

*Office of Government Relations
88 State Circle
Annapolis, Maryland 21401*

SB 543

February 16, 2022

TO: Members of the Senate Budget and Taxation Committee
FROM: Natasha Mehu, Director, Office of Government Relations
RE: Senate Bill 543 - Property Tax - Constant Yield Tax Rate - Notice Requirements
POSITION: Support

Chair Guzzone, Vice Chair Rosapepe, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **supports** Senate Bill 543.

SB 543 is a simple but important bill. It clarifies the misleading notice requirements local governments must follow when posting real property tax rate advertisements by establishing separate notification requirements for when real property tax rates are increased and for when real property tax rates are being maintained.

Current law specifies the exact language local governments must use for advertisements. The one-size-fits-all language impresses upon residents that the real property tax rate is being raised even when it is *not* being raised or is being held constant. This creates unnecessary tensions between the local governments and their residents who erroneously believe their property tax rates are increasing. SB 543 improves the accuracy and transparency of the Constant Yield Tax Rate notification and advertisement requirements in an effort to prevent such misunderstandings.

For these reasons we respectfully request a **favorable** report on Senate Bill 543.

SB 543 - Support - St. Mary's County.pdf

Uploaded by: Randy Guy

Position: FAV

ST. MARY'S COUNTY GOVERNMENT

**COMMISSIONERS OF
ST. MARY'S COUNTY**



James R. Guy, President
Eric Colvin, Commissioner
Michael L. Hewitt, Commissioner
Todd B. Morgan, Commissioner
John E. O'Connor, Commissioner

Senate Bill 543

Property Tax – Constant Yield Tax Rate – Notice Requirements

SUPPORT

February 15, 2022

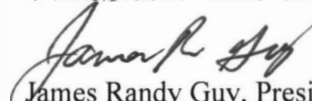
Senator Gus Guzzone, Chair
Maryland Senate Budget and Taxation Committee
Miller Senate Office Building, 3 West
11 Bladen St.
Annapolis, MD 21401

Dear Chairman Guzzone

The Commissioners of St. Mary's County support SB 543 -- Property Tax -- Constant Yield Tax Rate -- Notice Requirements which is being heard in the Budget and Taxation Committee.

We support SB 543 and request a favorable report. We believe this legislation will benefit the citizens of St. Mary's County. We look forward to working with you on this and other initiatives throughout the session.

Sincerely,
COMMISSIONERS OF ST. MARY'S COUNTY


James Randy Guy, President

CSMC/AB/sf
T:/Consent/2022/059

Cc: Senator Jack Bailey
Delegate Matthew Morgan
Delegate Gerald Clark
Delegate Brian Crosby
Commissioner Eric Colvin
Commissioner Michael Hewitt
Commissioner Todd Morgan
Commissioner John O'Connor
Catherine Pratson, Acting Co-County Administrator
David Weiskopf, Acting, Co-County Administrator

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Uploaded by: Director Michael Higgs

Position: INFO

LARRY HOGAN
Governor

BOYD K. RUTHERFORD
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HEARING DATE: February 16, 2022

BILL: SB0543

TITLE: Property Tax - Constant Yield Tax Rate - Notice Requirements

SDAT POSITION: Letter of Information

The State Department of Assessments and Taxation (SDAT) offers the following information for SB0543:

This bill requires taxing authorities to publish a title that may be confusing to citizens. When a taxing authority maintains the current tax rate but exceeds the constant yield rate, this is a tax increase.

This bill requires taxing authorities to change the title of the notice from “**TAX INCREASE**” to “**TAX RATE THAT EXCEEDS THE CONSTANT YIELD TAX RATE.**”

Public notices are meant to keep the public informed and this bill will allow jurisdictions to raise more revenue without using the phrase “tax increase.”

For these reasons, SDAT offers this Letter of Information and strongly urges a reconsideration of SB0543 in its current form.