

SB114 Testimony.docx (1).pdf

Uploaded by: Antonio Hayes

Position: FAV

ANTONIO HAYES
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Finance Committee



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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

January 19th, 2023

Testimony of Senator Hayes in Support of Senate Bill 114:

Property Tax – Constant Yield Tax Rate – Notice Requirements

Chairman Guy Guzzone and Members of the Budget and Taxation Committee,

Senate Bill 114 was introduced last session. As a refresher SB114 seeks to clarify language in the current law that requires county or municipal corporations to publish tax information. This bill will require the taxing authority to clearly state if it intends to maintain the current property tax rate. Previously the law required wording that has led to confusion by constituents to believe that their tax rates may be increasing. This bill will require language that is more straightforward in an effort to eliminate this confusion for constituents.

I urge you to vote favorably on SB114.

Respectfully,

A handwritten signature in blue ink, appearing to read "Antonio L. Hayes".

Senator Antonio L. Hayes
40th Legislative District – MD

SB114 -FAV-MML.pdf

Uploaded by: Justin Fiore

Position: FAV



Maryland Municipal League

The Association of Maryland's Cities and Towns

TESTIMONY

January 19, 2023

Committee: Senate Budget and Taxation

Bill: SB 114 - Property Tax – Constant Yield Tax Rate – Notice Requirements

Position: Support

Reason for Position:

The Maryland Municipal League supports SB 114 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 114 with a favorable report.

FOR MORE INFORMATION CONTACT:

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SB0114-BT_MACo_SUP.pdf

Uploaded by: Kevin Kinnally

Position: FAV



Senate Bill 114

Property Tax – Constant Yield Tax Rate – Notice Requirements

MACo Position: **SUPPORT**

To: Budget and Taxation Committee

Date: January 19, 2023

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** SB 114. 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 114 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 114 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 114.

Favorable with amendment - Property Tax – Constant

Uploaded by: Adam Rybczynski

Position: FWA



City of Havre de Grace

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January 19, 2023

The Honorable Guy Guzzone
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Annapolis, Maryland 21401

RE: Favorable with amendments - Property Tax – Constant Yield Tax Rate – Notice Requirements

The Mayor and City Council of Havre de Grace (“the City”) support SB 114 with an amendment. SB 114, if passed, would change notice requirements relating to the intention of a county or municipal corporation to set a certain real property tax rate that exceeds the constant yield tax rate.

The City believes it is time to change the current public notice requirements local governments must comply with when setting real property tax rates. The current process does not always allow local governments to convey their intentions to the public when they are setting real property tax rates and, in many instances, confuses the public. SB 114 would add some clarity to the process; however, more changes must be made to reform the procedure correctly.

The City respectfully requests the committee give SB 114 a favorable report with the following amendment.

Amendment to SB 114

Page 3: beginning at line 21

IF THE TAXING AUTHORITY INTENDS TO MAINTAIN THE CURRENT REAL PROPERTY TAX RATE WHICH EXCEEDS THE CONSTANT YIELD TAX RATE, THE NOTICE OR ADVERTISEMENT SHALL BE IN THE FOLLOWING FORM:

SB0114.docx.pdf

Uploaded by: Director Michael Higgs

Position: INFO

WES MOORE
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ARUNA MILLER
Lt. Governor



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HEARING DATE: January 19, 2023

BILL: SB0114

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:

The Department is actively looking for ways to improve the constant yield notifications, specifically by modifying the requirement that dictates font size and the mandate of newspaper notifications.

However, 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 urges a reconsideration of SB0114 in its current form.