



TALBOT COUNTY, MARYLAND

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Q. State your name.

A. My name is Martha Darling Sparks. I am the Finance Director for Talbot County, Maryland.

Q. Who or what does this testimony represent?

A. My testimony solely represents my professional views as the Talbot County Finance Director and the facts that I state herein. There was inadequate time for me to notify the Talbot County Council and receive their support for this testimony. This lack of support does not reflect on the merits of the facts provided.

Q. What is your position on HB 133 State Department of Assessments and Taxation - Notification of Constant Yield Tax Rate – Repeal?

A. Senate Bill 183 and House Bill 133 would repeal the requirement that the State Department of Assessments and Taxation (“SDAT”) calculate the constant yield tax rate for each taxable year and notify each jurisdiction of its constant yield tax rate. The fiscal summaries in the Fiscal and Policy Notes for both SB183 and HB133 state that the **Local Effect is none**. Such a statement is inaccurate, as these bills will have a significant impact on Talbot County. Accordingly, I am requesting that the foregoing requirement remain intact, at least as it applies to Talbot County.

Q. Can you explain how HB133 will impact Talbot County?

A. The constant yield calculation from SDAT is required for Talbot County’s calculation of its revenue capped annual tax levy. Article VI, Section 614 of the Charter of Talbot County (the “Charter”) states that “revenues derived from taxes on properties included in the **Constant Yield Tax Rate Certification prepared by the Maryland State Department of Assessments and Taxation** shall not increase, compared with the previous year, by more than two percent...”

The certified revenues are also used in the calculation of the tax differential rates for each of Talbot County’s municipalities.

Q. Are these the only property tax calculations for Talbot County that would be impacted by the repeal of SDAT's requirement to provide this information?

A. No. Although Talbot County is revenue capped, it is not precluded from funding education within the constraints of the revenue cap. Talbot County uses a separate 'Education Supplement' property tax rate that funds any increases in education spending. Because Talbot County uses a separate Education Supplement property tax rate to fund increases in education spending above our revenue cap, we are required to report to the Maryland State Department of Education the amount of revenues received under the Education Supplement tax rate.

Q. In your professional opinion, would Talbot County be negatively impacted from the repeal of this requirement for SDAT to provide the Constant Yield Tax Rate Certification?

A. Yes. The SDAT Constant Yield Tax Rate Certification is the foundation of the calculation of Talbot County's Revenue Capped Annual Tax Levy, Tax Differential property tax rates for our municipalities and our Education Supplement tax rate. The importance of receiving this certified information is the reason the Charter specifically included this report by name, from the State Department of Assessments and Taxation.

Q. Will the repeal of this requirement have a financial impact on Talbot County citizens and taxpayers?

A. The financial impact of the repeal of the requirement for SDAT to provide this information is unknown. It does take from Talbot County taxpayers an independent certification of these revenues.

Q. Do you have anything else that you would like to share with the Committee?

A. Yes. In my perspective, the repeal of this requirement would impact any county in the State of Maryland that has a revenue cap provision in their Charter. I am aware that Wicomico County is one of those counties that has a revenue cap, in which case they would also be adversely impacted by this repeal.

Retaining this requirement in legislation for revenue capped counties will provide these counties and their citizens the continued independent certification of these revenues through the Constant Yield Tax Rate Certification by the State Department of Assessments and Taxation, regardless of changes in the administration of SDAT.

Thank you to the Committee for your consideration of my testimony and for the service you provide to the citizens of Maryland.