

WES MOORE
Governor

ARUNA MILLER
Lt. Governor



ROBERT YEAGER
Director

DENNIS HUANG
Deputy Director

HEARING DATE: January 27, 2025

BILL: HB0078

TITLE: Property Taxes - Authority of Counties to Establish Subclasses and Set Separate Rates for Land and Improvements to Land

SDAT POSITION: LETTER OF INFORMATION

The Department of Assessments and Taxation appreciates the intent of the bill, and has no position on the merits of land value taxation as a matter of policy. The cost to the Department to implement this bill would total \$35,256,267 in the first year, and more than \$6 million each year moving forward due to staffing and server maintenance costs.

System-Wide Modifications: Extensive changes are required across all core SDAT systems to handle and calculate taxes based on two separate values (land and improvements), instead of a single total assessed value. This impacts tax calculation logic, reporting, and critical tax credit programs. Key systems, including the computer-assisted mass appraisal system (MAAVS), will require substantial redevelopment. Additionally, storing separate tax data for land and improvements effectively doubles the Department's current data storage requirements.

Staffing needs: The need to separately defend land and improvement valuations is expected to significantly increase the volume and complexity of property tax appeals across the state. To accommodate the new volume of appeals, additional residential and commercial assessors would need to be hired for every county office, incurring significant new annual staffing costs. All Real Property employees will also require retraining.

Implementing a dual tax rate system would require a multi-million dollar investment and fundamental restructuring of SDAT's core software, data storage, and personnel structure to manage the increased complexity of property assessment and appeals.

