

Department of Legislative Services  
Maryland General Assembly  
2008 Session

FISCAL AND POLICY NOTE

House Bill 676  
Ways and Means

(Delegate Carr, *et al.*)

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County Property Taxes - Classes of Property and Special Rates

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This bill authorizes Baltimore City and county governments to impose property taxes on different classes of property and to set special rates for any class of property that is subject to the county property tax.

The bill applies to taxable years beginning after June 30, 2009.

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Fiscal Summary

**State Effect:** None.

**Local Effect:** Potential change in county revenues beginning in FY 2010 to the extent special property tax rates are imposed on different classes of property. County expenditures would not be affected.

**Small Business Effect:** Unknown. Depending on the classification of property, small business property taxes could increase, decrease, or remain the same.

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Analysis

**Current Law:** Baltimore City and county governments must, on an annual basis, set the tax rate for the next taxable year on all assessments of property subject to that county's property tax. Except for specified circumstances, there is one county property tax rate for real property and the rate for personal property is 2.5 time the real property rate.

A municipality may impose property taxes on those classes of property that it selects to be subject to municipal property tax.

**Background:** The property tax is one of the three major revenue sources for county governments, accounting for 24.6% of total revenues, excluding debt proceeds, and the second largest revenue source for municipal governments, accounting for 31.2% of total revenues, excluding debt proceeds. In fiscal 2004, local governments collected \$4.8 billion in property taxes. The property tax is a relatively stable and predictable revenue source for local governments, and due to the sizeable growth in property assessments, local property tax collections should remain strong for the near future.

**Local Fiscal Effect:** The actual effect of the bill on county property tax revenues cannot be reliably estimated and depends on whether or not a county decides to establish different classes of real property and the tax rates imposed on the different classes, neither of which can be reliably predicted at this time. Depending on the classes established and the rates imposed, revenues could increase, remain the same, or decrease. **Exhibit 1** shows the real property tax rates for each county for the last five years. These rates are based on property assessments at 100% of market valuation.

County assessable base in fiscal 2008 totaled \$655.1 billion or \$116,656 per State resident. Per capita assessable base ranges from \$43,896 in Allegany County to \$354,824 in Worcester County. Statewide, real property accounts for 96.5% of the assessable base and personal property accounts for 3.5%. **Exhibit 2** shows the real, personal, and total county assessable base for each county for fiscal 2008. **Exhibit 3** shows total county assessable base (real and personal property) since fiscal 2003.

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### Additional Information

**Prior Introductions:** None.

**Cross File:** SB 561 (Senator Madaleno) – Budget and Taxation.

**Information Source(s):** Harford County, Montgomery County, City of Laurel, Town of La Plata, Department of Legislative Services

**Fiscal Note History:** First Reader - February 25, 2008  
mcp/hlb

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**Exhibit 1**  
**County Real Property Tax Rates in Fiscal 2004-2008**  
**(Per \$100 of Assessed Value)**

<b>County</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
Allegany	\$1.000	\$1.001	\$1.001	\$0.983	\$0.983
Anne Arundel	0.955	0.941	0.931	0.918	0.891
Baltimore City	2.328	2.328	2.308	2.288	2.268
Baltimore	1.115	1.115	1.115	1.100	1.100
Calvert	0.892	0.892	0.892	0.892	0.892
Caroline	0.952	0.952	0.910	0.870	0.870
Carroll	1.048	1.048	1.048	1.048	1.048
Cecil	0.980	0.980	0.980	0.960	0.960
Charles	1.016	1.026	1.026	1.026	1.026
Dorchester	0.930	0.930	0.920	0.896	0.896
Frederick	1.135	1.135	1.135	1.064	1.064
Garrett	1.036	1.036	1.000	1.000	1.000
Harford	1.092	1.092	1.082	1.082	1.082
Howard	1.170	1.170	1.170	1.140	1.150
Kent	1.012	1.012	0.992	0.972	0.972
Montgomery	1.019	1.009	0.967	0.916	0.916
Prince George's	1.319	1.319	1.319	1.319	1.319
Queen Anne's	0.976	0.926	0.870	0.800	0.770
St. Mary's	0.908	0.878	0.872	0.857	0.857
Somerset	1.010	1.010	0.990	0.940	0.940
Talbot	0.553	0.540	0.520	0.500	0.475
Washington	0.948	0.948	0.948	0.948	0.948
Wicomico	1.041	1.025	0.993	0.942	0.881
Worcester	0.730	0.730	0.730	0.700	0.700

Note: The rate in Charles, Frederick, Howard, Montgomery, and Prince George's counties reflect special rates for services not funded from the general county property tax rate.

Source: Department of Legislative Services

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**Exhibit 2**  
**County Assessable Base for Fiscal 2008**  
(\$ in Thousands)

<b>County</b>	<b>Subject to Real Property</b>	<b>% Change from FY 07</b>	<b>Subject to Personal Property</b>	<b>% Change from FY 07</b>	<b>Total Property</b>	<b>% Change from FY 07</b>
Allegany	\$2,846,492	10.0%	\$350,514	3.4%	\$3,197,006	9.3%
Anne Arundel	69,284,375	18.9%	2,503,115	-1.4%	71,787,490	18.0%
Baltimore City	27,026,288	16.1%	2,006,017	1.0%	29,032,305	14.9%
Baltimore	69,109,693	16.4%	3,019,787	1.4%	72,129,480	15.7%
Calvert	10,627,594	23.2%	1,039,409	-6.8%	11,667,003	19.8%
Caroline	2,370,861	18.6%	95,539	5.6%	2,466,400	18.1%
Carroll	17,379,874	16.4%	555,404	5.8%	17,935,278	16.1%
Cecil	8,813,334	16.9%	392,753	-0.3%	9,206,087	16.1%
Charles	15,121,431	21.8%	895,566	0.4%	16,016,997	20.4%
Dorchester	2,695,155	18.9%	132,675	-1.0%	2,827,830	17.8%
Frederick	26,254,477	19.6%	323,476	-3.7%	26,577,953	19.2%
Garrett	3,764,637	15.1%	101,066	1.1%	3,865,703	14.6%
Harford	21,990,003	15.8%	984,304	5.6%	22,974,307	15.3%
Howard	40,562,971	16.5%	1,493,252	5.2%	42,056,223	16.1%
Kent	2,499,547	16.6%	36,447	-4.1%	2,535,994	16.3%
Montgomery	180,291,380	27.1%	3,960,935	1.1%	184,252,315	26.4%
Prince George's	71,568,514	19.5%	2,864,385	1.8%	74,432,899	18.7%
Queen Anne's	7,299,651	19.4%	60,080	-4.1%	7,359,731	19.2%
St. Mary's	9,530,468	19.6%	266,373	2.2%	9,796,841	19.1%
Somerset	1,333,556	19.5%	64,667	1.0%	1,398,223	18.5%
Talbot	7,875,276	17.6%	53,975	1.1%	7,929,251	17.5%
Washington	11,348,229	18.6%	592,974	9.1%	11,941,203	18.1%
Wicomico	5,873,614	14.2%	511,639	7.4%	6,385,253	13.7%
Worcester	17,038,234	20.1%	300,614	0.7%	17,338,848	19.7%
<b>Statewide</b>	<b>\$632,505,653</b>	<b>20.5%</b>	<b>\$22,604,966</b>	<b>1.3%</b>	<b>\$655,110,619</b>	<b>19.7%</b>

Source: State Department of Assessments and Taxation

**Exhibit 3**  
**County Assessable Base – Real and Personal Property**  
**(\$ in Thousands)**

<b>County</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009 E</b>	<b>FY 2010 E</b>
Allegany	\$2,565,195	\$2,604,327	\$2,691,053	\$2,808,112	\$2,926,109	\$3,197,006	\$3,484,353	\$3,831,848
Anne Arundel	38,118,944	41,297,966	46,036,555	52,554,958	60,826,688	71,787,490	81,678,020	86,506,872
Baltimore City	19,674,089	20,218,975	21,597,384	23,249,753	25,256,648	29,032,305	33,288,883	36,458,576
Baltimore	46,023,190	47,861,367	50,489,382	55,476,797	62,365,607	72,129,480	82,228,608	92,899,378
Calvert	6,336,952	6,819,523	7,496,323	8,408,145	9,742,417	11,667,003	13,348,853	14,662,187
Caroline	1,380,313	1,451,362	1,586,476	1,786,819	2,089,016	2,466,400	2,596,158	2,730,417
Carroll	10,278,303	10,941,349	11,891,468	13,438,532	15,453,866	17,935,278	20,017,495	22,345,558
Cecil	5,222,682	5,620,734	6,235,694	6,945,277	7,932,003	9,206,087	10,367,856	11,559,325
Charles	8,672,489	9,310,426	10,075,543	11,308,138	13,304,605	16,016,997	18,428,125	20,936,845
Dorchester	1,648,897	1,817,529	1,939,327	2,154,025	2,400,917	2,827,830	3,240,151	3,705,381
Frederick	14,007,191	14,951,629	16,353,215	18,975,905	22,292,911	26,577,953	31,720,809	37,878,308
Garrett	2,129,052	2,315,500	2,513,159	2,873,593	3,371,967	3,865,703	4,258,522	4,505,211
Harford	13,640,671	14,428,277	15,597,527	17,345,762	19,926,361	22,974,307	25,562,592	28,310,318
Howard	22,543,862	24,297,361	27,014,393	30,847,706	36,224,837	42,056,223	43,670,405	45,683,888
Kent	1,454,105	1,555,850	1,690,504	1,910,531	2,181,116	2,535,994	2,549,689	2,564,110
Montgomery	87,193,587	95,287,116	106,559,595	123,784,098	145,815,228	184,252,315	193,327,350	201,763,166
Prince George's	43,740,098	45,736,798	49,033,034	54,495,057	62,726,164	74,432,899	87,441,303	100,087,024
Queen Anne's	3,620,689	4,032,277	4,569,035	5,221,808	6,174,441	7,359,731	7,435,849	7,506,565
St. Mary's	5,533,506	5,830,982	6,211,101	6,877,275	8,227,294	9,796,841	10,733,090	11,741,088
Somerset	758,573	799,003	846,503	959,352	1,180,315	1,398,223	1,628,446	1,853,641
Talbot	4,068,200	4,517,967	5,134,091	5,882,773	6,749,460	7,929,251	9,127,374	10,032,368
Washington	7,015,202	7,673,262	7,922,077	8,842,655	10,114,171	11,941,203	13,270,122	14,876,483
Wicomico	4,104,142	4,335,777	4,591,232	5,008,492	5,617,482	6,385,253	7,053,064	7,655,946
Worcester	7,239,037	8,400,551	10,010,931	11,777,360	14,483,821	17,338,848	17,676,191	18,241,904
<b>Statewide</b>	<b>\$356,968,969</b>	<b>\$382,105,908</b>	<b>\$418,085,602</b>	<b>\$472,932,923</b>	<b>\$547,383,444</b>	<b>\$655,110,619</b>	<b>\$724,133,308</b>	<b>\$788,336,407</b>

Source: State Department of Assessments and Taxation