

SENATE BILL 114

Q1
SB 543/22 – B&T

(PRE-FILED)

3lr0657

By: **Senator Hayes**

Requested: November 1, 2022

Introduced and read first time: January 11, 2023

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Property Tax – Constant Yield Tax Rate – Notice Requirements**

3 FOR the purpose of altering certain notice requirements relating to the intention of a
4 county or municipal corporation to set a certain real property tax rate that exceeds
5 the constant yield tax rate; and generally relating to the property tax constant yield
6 tax rate.

7 BY repealing and reenacting, with amendments,
8 Article – Tax – Property
9 Section 6–308
10 Annotated Code of Maryland
11 (2019 Replacement Volume and 2022 Supplement)

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
13 That the Laws of Maryland read as follows:

14 **Article – Tax – Property**

15 6–308.

16 (a) In this section, “taxing authority” means:

- 17 (1) the county council or board of county commissioners;
18 (2) the City Council of Baltimore City; and
19 (3) the governing body of a municipal corporation.

20 (b) (1) Unless the requirements of this section are met, a taxing authority may
21 not set a county or municipal corporation real property tax rate that exceeds the constant

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



yield tax rate in any taxable year excluding revenue from real property appearing for the 1st time on the assessment roll.

(2) A taxing authority does not meet the requirements of this section until it provides to the Department:

(i) on or before 15 days after the date of the advertisement required by this section a copy of the entire newspaper page that carried the meeting notice required by this section; or

(ii) the evidence that the Department requires of the mailing of the notices described in subsection (c) of this section.

(c) If a taxing authority intends to set a county or municipal corporation real property tax rate that exceeds the constant yield tax rate, it shall advertise to the public by:

(1) placing an advertisement that satisfies the Department and meets the requirements of this section in a newspaper of general circulation in the jurisdiction of the taxing authority; or

(2) mailing a notice that meets the requirements of this section to each property taxpayer who resides in the jurisdiction.

(d) (1) The advertisement shall be at least 1/4 of a page in size for counties and 1/8 of a page in size for municipal corporations.

(2) The type that is used in the advertisement shall be:

(i) at least 18 point for counties; and

(ii) at least 12 point for municipal corporations.

(3) The advertisement may not be placed with legal notices or classified advertisements.

(4) The headline for the advertisement shall be in bold print, with all letters capitalized.

(5) The text of the advertisement, other than the headline, shall be in upper and lower case letters.

(e) (1) [The] IF THE TAXING AUTHORITY INTENDS TO SET A REAL PROPERTY TAX RATE THAT EXCEEDS THE CURRENT TAX RATE, THE notice or advertisement shall be in the following form:

“..... (NAME OF JURISDICTION) NOTICE OF A PROPOSED REAL PROPERTY TAX
INCREASE

The..... (name of taxing authority) of..... (name of jurisdiction) proposes to increase
real property taxes.

1. For the tax year beginning July 1,....., the estimated real property assessable
base will increase by.....%, from \$..... to \$.....

2. If..... (name of jurisdiction) maintains the current tax rate of \$..... per \$100 of
assessment, real property tax revenues will increase by.....% resulting in \$..... of new real
property tax revenues.

3. In order to fully offset the effect of increasing assessments, the real property
tax rate should be reduced to \$....., the constant yield tax rate.

4. The..... (county, city, town, etc.) is considering not reducing its real property
tax rate enough to fully offset increasing assessments. The..... (county, city, town, etc.)
proposes to adopt a real property tax rate of \$..... per \$100 of assessment. This tax rate
is.....% higher than the constant yield tax rate and will generate \$..... in additional
property tax revenues.

A public hearing on the proposed real property tax rate increase will be held at.....
(time) on..... (date) at..... (location). The hearing is open to the public, and public testimony
is encouraged. Persons with questions regarding this hearing may call..... (phone number)
for further information.”.

**(2) IF THE TAXING AUTHORITY INTENDS TO MAINTAIN THE CURRENT
REAL PROPERTY TAX RATE, THE NOTICE OR ADVERTISEMENT SHALL BE IN THE
FOLLOWING FORM:**

**“..... (NAME OF JURISDICTION) NOTICE OF PROPOSED REAL
PROPERTY TAX RATE THAT EXCEEDS THE CONSTANT YIELD TAX
RATE**

**THE..... (NAME OF TAXING AUTHORITY) OF..... (NAME OF JURISDICTION)
PROPOSES TO SET A REAL PROPERTY TAX RATE THAT MAINTAINS THE CURRENT TAX
RATE BUT EXCEEDS THE CONSTANT YIELD TAX RATE.**

**1. FOR THE TAX YEAR BEGINNING JULY 1,....., THE ESTIMATED REAL
PROPERTY ASSESSABLE BASE WILL INCREASE BY.....%, FROM \$..... TO \$.....**

**2. IN ORDER TO FULLY OFFSET THE EFFECT OF INCREASING
ASSESSMENTS, THE REAL PROPERTY TAX RATE SHOULD BE REDUCED TO \$....., THE
CONSTANT YIELD TAX RATE.**

1 **3. THE..... (COUNTY, CITY, TOWN, ETC.) IS CONSIDERING NOT REDUCING**
2 **ITS REAL PROPERTY TAX RATE ENOUGH TO FULLY OFFSET INCREASING**
3 **ASSESSMENTS. THE..... (COUNTY, CITY, TOWN, ETC.) PROPOSES TO ADOPT A REAL**
4 **PROPERTY TAX RATE THAT MAINTAINS THE CURRENT TAX RATE OF \$..... PER \$100**
5 **OF ASSESSMENT. THIS TAX RATE IS.....% HIGHER THAN THE CONSTANT YIELD TAX**
6 **RATE AND WILL GENERATE \$..... IN ADDITIONAL PROPERTY TAX REVENUES.**

7 **A PUBLIC HEARING ON THE PROPOSAL TO MAINTAIN THE CURRENT REAL**
8 **PROPERTY TAX RATE WILL BE HELD AT..... (TIME) ON..... (DATE) AT..... (LOCATION).**
9 **THE HEARING IS OPEN TO THE PUBLIC, AND PUBLIC TESTIMONY IS ENCOURAGED.**
10 **PERSONS WITH QUESTIONS REGARDING THIS HEARING MAY CALL..... (PHONE**
11 **NUMBER) FOR FURTHER INFORMATION.”.**

12 (f) (1) The meeting on the proposed county or municipal corporation real
13 property tax rate [increase] shall be held:

14 (i) on or after the 7th day and on or before the 21st day after the
15 notice is published as required by subsection (c) of this section; and

16 (ii) on or before June 17th before the date required by law for
17 imposition of the real property tax.

18 (2) The meeting may coincide with the meeting on the proposed budget of
19 the taxing authority.

20 (3) In computing periods of time under this subsection all calendar days
21 shall be counted including Saturdays, Sundays, and holidays.

22 (g) After the meeting, the taxing authority may adopt by law [an increase in the]
23 A county or municipal corporation real property tax rate that exceeds the constant yield tax
24 rate:

25 (1) on the day of the meeting; or

26 (2) on a later day, if the day, time, and location to consider the [increase]
27 **TAX RATE** are announced at that meeting.

28 (h) The requirements of this section do not apply if a taxing authority:

29 (1) increases the county or municipal corporation real property tax rate
30 above the constant yield tax rate solely because of the reduction in the taxing authority's
31 real property assessable base due to the final determination of assessment appeals; or

(2) sets a county or municipal corporation real property tax rate that does not exceed the constant yield tax rate.

(i) (1) Annually, a county shall include on the face of a real property tax bill:

(i) the county real property tax rate and the constant yield tax rate for the taxable year;

(ii) the amount, if any, by which the county real property tax rate exceeds the constant yield tax rate; and

(iii) a designation that the property is either the owner's "principal residence" or "not a principal residence".

(2) A county shall also mail with the real property tax bill the information described below in substantially the following form:

"Constant Yield Tax Rate

1. In the last taxable year the county (or Baltimore City) real property tax rate was....., and the certified assessment of the net assessable real property was \$..... The assessment multiplied by the rate produced real property tax revenues of \$.....

2. For this taxable year the certified assessment of the net assessable real property is \$..... To produce the same real property tax revenues as last year the real property tax rate would be..... This rate is called the constant yield tax rate.

3. For this taxable year the actual real property tax rate is....., which is (the same as) (different from) the constant yield tax rate. (If different, the rate is..... (more) (less) than the constant yield tax rate and will produce in real property tax revenues \$..... (more) (less) than would be produced by the constant yield tax rate)."

(j) A taxing authority that in good faith has made all reasonable efforts to comply with the requirements of subsections (b) through (g) of this section and provides satisfactory evidence to the Department that any lack of compliance with the requirements was for reasons beyond the taxing authority's control:

(1) is deemed to have complied with the requirements; and

(2) may set a real property tax rate that exceeds the constant yield tax rate.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2023.