



House Bill 844

Real Property Tax Rates - Notification to Real Property Taxpayers

MACo Position: **OPPOSE**

To: Ways and Means Committee

Date: February 22, 2022

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **OPPOSES** HB 844. This bill would require a costly and redundant notice requirement for the antiquated, inefficient, and confusing constant yield tax law.

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, each local government must publish a prescriptive and confusing notice in a newspaper of general circulation before holding a public hearing to adopt 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.

In addition to publishing the outmoded advertisement in a newspaper of general circulation, HB 844 would require local governments to mail the same notice to each property taxpayer. Counties believe this bill would be very costly and jeopardize limited local funds for schools, public health, public safety, infrastructure, and other essential services.

HB 844 would require unnecessary, redundant, and costly changes to Maryland's constant yield tax law, which would only serve to perpetuate consternation and confusion amongst shared constituents. Accordingly, MACo urges the Committee to issue an **UNFAVORABLE** report for HB 844.