

WES MOORE
Governor

ARUNA MILLER
Lt. Governor



DAN PHILLIPS
Director

ROBERT YEAGER
Deputy Director

Date: February 14, 2025
To: All Municipal Taxing Authorities
From: Dan Phillips, Director
RE: 2025/26 Constant Yield Tax Rate and Real Property Tax Rate – Instructions

The Department of Assessments and Taxation is charged with administering the Constant Yield Tax Rate law and the setting of Real Property Tax Rates. These laws are found in two separate sections of the Tax-Property Article, § 2-205 and § 6-308. The latter section contains the provisions that must be followed by taxing authorities when setting the Real Property Tax Rate. We are here to answer your questions and assist you in complying with this law. Failure to comply with Tax-Property Article § 6-308 could have serious consequences for your jurisdiction.

During the 2023 legislative session, SB 114 was passed which changed portions of Tax-Property Article § 2-205 and § 6-308. One of the main changes is that the setting of the Real Property Tax Rate is no longer dependent on the Constant Yield Tax Rate. **Also, there is no longer any exemption from the provisions in Tax-Property Article § 6-308.** This memo provides all of the information necessary for the setting of a Real Property Tax Rate.

Constant Yield Tax Rate Concept

The Constant Yield Tax Rate is calculated by the Department for each taxing authority in Maryland. It represents the Real Property Tax Rate for the coming tax year that will generate the same amount of revenue that was generated during the current tax year. As assessments increase, the Constant Yield Tax Rate decreases.

For the upcoming tax year, the assessable base of some taxing authorities may have decreased. Therefore, the Constant Yield Tax Rate for those jurisdictions will actually be higher than the Real Property Tax Rate for the current year.

Procedures for Setting the Real Property Tax Rate

When a taxing authority plans to impose a Real Property Tax Rate that is higher than the current year's Real Property Tax Rate, it must advertise the tax rate increase and hold a public hearing. **The Constant Yield Tax Rate is no longer part of this determination.**

If the taxing authority plans to set a Real Property Tax Rate that is *equal to or less than* the current year's Real Property Tax Rate, then the statute **does not** require a notice or a hearing.

The law establishes very strict procedures governing advertisement and public hearing for Real Property Tax Rate increases above the current taxable year's Real Property Tax Rate. Further, the law requires that the Department of Assessments and Taxation monitor the advertising and hearing process and report to the Attorney General any apparent violations. In the past, violations have resulted in jurisdictions being ordered to reduce the tax rate after tax bills had been issued. To avoid violating the law, you must comply with the following procedures:

1. Public Notice: (1) Place a public notice in a newspaper of general circulation in your jurisdiction. (2a) Publish a copy of the notice on the website of the taxing authority. (2b) If the taxing authority does not have a website, post a copy of the notice in a place that is easily accessible to the public.

2. Form of the Public Notice: The language is specified word-for-word in the statute. A notice that deviates from the statutory requirements does not meet the requirements of the law and will be referred to the Attorney General for action. A sample notice is included in this package. The wording in the statute is required and may not be modified. No part of this notice may be omitted. Additional language consistent with the intent of the law will be permitted (e.g. information regarding access to the hearing for the disabled). In order to minimize your publishing costs and avoid needless litigation, please use only the language required by law. If you have any questions about the acceptability of additional language, contact Zachary Grisard at the address on the following page.

We will gladly review any notice prior to publication. The notice will be reviewed for any errors in the text and any additional language. If you wish, we will write your notice for you if you furnish us with your proposed tax rate(s). We will attempt to get the advertisement back to you by the next work day. Whenever possible, you will receive a response from us the same day we receive it. Please contact Zachary Grisard for additional information.

3. Style and Placement of the Public Notice: In prior years, the notice had to be at least 1/8th of a page in size and use 12 point type. Also, the notice could not be placed on pages with legal notices or classified advertisements. **There are no longer any style or placement requirements for the public notice.** The sample notice enclosed shows the correct form for the notice.

4. Timing of the Public Notice and Hearing: The hearing must be held on or after the 7th day and on or before the 21st day after the notice is published. Do not count the day of the notice or advertisement, but count the day of the hearing and all intervening calendar days, including Saturdays, Sundays, and holidays. This means that the notice must appear between one and three weeks before the hearing. The hearing must be held on or before June 17th, which is the date required by law. This means that the absolute latest the notice can be published is June 10th for a June 17th hearing.

5. Reporting to the Department: The taxing authority must provide a copy of the entire page containing the notice from the published newspaper that carried the notice and evidence that the notice was placed on the website of the taxing authority. A copy of just the advertisement itself is not acceptable. If the taxing authority does not have a website, the taxing authority must provide evidence that the notice was posted in a place that is easily accessible to the public. Please return the enclosed memo (Form RPTR #1). We strongly recommend that you send the Department a copy of the notice as soon as it is published, especially if the Department has not reviewed the notice prior to publication. We review all notices as soon as they are received so that if the notice does not conform to the law, you may have time to republish it and hold a new hearing before the June 17th deadline. Failure to properly report to the Department is noncompliance that must be referred to the Attorney General.

6. Setting the Rate: The Real Property Tax Rate must be set at the public hearing or at a later time if the day, time, and location that the tax rate will be set are announced at the hearing. Also, municipal corporations may set any tax rate for personal property without regard to the current year's Personal Property Tax Rate or Real Property Tax Rate.

Enclosed is the Constant Yield Tax Rate Certification (Form CYTR #1) which shows the Constant Yield Tax Rate and the associated steps in its calculation for your jurisdiction. Personal property is not part of the Constant Yield Tax Rate calculation.

Please remember that the constant yield tax rate uses an estimate of assessable real property made in February, several months before tax rates are typically set. Every effort is made to provide reliable estimates of revenue for the upcoming year. However, these estimates may be affected by subsequent reductions in assessments by the local Property Tax Assessment Appeal Board or the Maryland Tax Court for certain properties. The Department issues revised estimates on a county basis in late March which may be obtained by contacting this office or from our web site at: www.dat.maryland.gov.

Questions or problems:

Maryland State Department of Assessments and Taxation

Attn: Zachary Grisard, Area Supervisor

700 E. Pratt Street, Second Floor, Suite 2700

Baltimore, Maryland 21202

Phone: (443) 469-5004 (C)

(410) 767-6259 (O)

E-mail: zachary.grisard@maryland.gov

NOTICE REQUIREMENTS

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

For the taxable year beginning July 1, 2025, the (name of taxing authority) of (name of jurisdiction) proposes to increase real property tax rates from \$..... per \$100 of assessment to \$..... per \$100 of assessment.

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.

Sample Notice

WES MOORE
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ARUNA MILLER
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DAN PHILLIPS
Director

ROBERT YEAGER
Deputy Director

Form RPTR #1

Date: February 14, 2025
To: All Taxing Authorities
From: Dan Phillips, Director
Re: Department Notification – Real Property Tax Rate Notice

Please complete this form and return to:

Department of Assessments and Taxation
Attention: Zachary Grisard, Area Supervisor
700 E. Pratt Street, Second Floor, Suite 2700
Baltimore, Maryland 21202
zachary.grisard@maryland.gov

Please choose one of the following actions:

- 1. The taxing authority has established a tax rate **not in excess of the current taxable year's real property tax rate.**
- 2. The taxing authority plans to exceed the current taxable year's real property tax rate and will provide the Department with a copy of the entire page containing the notice from the published newspaper and evidence that the notice was placed on the website of the taxing authority. If the taxing authority does not have a website, the taxing authority will provide evidence that the notice was posted in a place that is easily accessible to the public.

Taxing Authority: _____
County OR Municipality and the County in which it is incorporated

Tax Rate as of July 1, 2025: _____

Name & Position: _____

Signature: _____ Date: _____

Phone: _____

E-Mail Address: _____

2025 Constant Yield Tax Rate Certification

Taxing authority: **Myersville
in Frederick County**

1	1-Jul-2024	Gross assessable real property base	\$	236,787,037
2	1-Jul-2024	Homestead Tax Credit	-	<u>6,490,417</u>
3	1-Jul-2024	Net assessable real property base		230,296,620
4	1-Jul-2024	Actual local tax rate (per \$100)	x	<u>0.3460</u>
5	1-Jul-2024	Potential revenue	\$	796,826
6	1-Jul-2025	Estimated assessable base	\$	262,547,196
7	1-Jan-2025	Half year new construction	-	2,253,600
8	1-Jul-2025	Estimated full year new construction*	-	0
9	1-Jul-2025	Estimated abatements and deletions**	-	<u><u>12,757,105</u></u>
10	1-Jul-2025	Net assessable real property base	\$	247,536,491
11	1-Jul-2024	Potential revenue	\$	796,826
12	1-Jul-2025	Net assessable real property base	÷	247,536,491
13	1-Jul-2025	Constant yield tax rate	\$	0.3219

Certified by



Director

* Includes one-quarter year new construction where applicable.

**Actual + estimated as of July 1, 2025, including Homestead Tax Credit.