

FY26 TAX RATE DISCUSSION

Current Real Property Tax Rate and Assessable Base

- The proposed FY26 Operating Budget is based on the City's current "Real Property Tax Rate of **\$.63 per \$100 of the current net assessable real property base of 2,915,251,742**. The projected "FY26 Real Property Tax Revenue" base budget estimate is **\$18,366,086 million**.

Constant Yield Tax Rate – (*Treasurer to explain how it works*)

- The State Department of Assessments and Taxation (SDAT) has recommended a "Constant Yield Rate (CYTR)" of **\$0.6265 per \$100** that is based on the projected July 1st, 2025, net assessable real property base of 2,931,503,422 and projected revenues of **\$18,366,086 million**.
- The constant yield tax rate is calculated by **SDAT** 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. **General Rule:** As assessments increase, the Constant Yield Tax Rate decreases.
- As reported by **SDAT**, the constant yield tax rate uses an estimate of assessable real property made in February, several months before tax rates are typically set.
- **SDAT** 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.



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Other Related Property Tax Information

- The City Council has the ability via the Charter to set local property tax rates.
- Tax rates must be set by July 1.

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.

Property Owners Tax Credit Program Due Date Changes

- The final date to change the Homestead Credit percentage for the upcoming tax year is March 15 for county governments and March 25 for municipal governments. SDAT must be notified of any changes by the corresponding final date.



FY26 CURRENT TAX RATE AND CONSTANT YIELD RATE NET ASSESSABLE BASE AND PROJECTED REVENUE CALCULATIONS

1-Jul-2024 Gross assessable real property base:	\$ 2,924,468,706
1-Jul-2024 (Homestead Tax Credit):	- <u>9,216,964</u>
1-Jul-2024 Net assessable real property base:	2,915,251,742
1-Jul-2024 Actual local tax rate (per \$100):	x <u>0.6300</u>
1-Jul-2024 Potential revenue:	\$ 18,366,086
1-Jul-2025 Estimated assessable base:	\$ 3,296,596,493
1-Jan-2025 (Half year new construction):	- 115,922,600
1-Jul-2025 (Estimated full year new construction):	- 134,180,000
1-Jul-2025 (Estimated abatements and deletions):	- <u>114,990,471</u>
1-Jul-2025 Net assessable real property base:	\$ 2,931,503,422

Constant Yield Rate Calculation:

1-Jul-2024 Potential revenue:	\$ 18,366,086
1-Jul-2025 Net assessable real property base:	\$ 2,931,503,422
1-Jul-2025 Recommended Constant Yield Rate:	<u>0.6265</u>

Source: *Maryland Department of Assessments and Taxation*



FY25 CURRENT TAX RATE AND CONSTANT YIELD RATE NET ASSESSABLE BASE AND PROJECTED REVENUE CALCULATIONS

1-Jul-2023 Gross assessable real property base:	\$ 2,765,602,332
1-Jul-2023 (Homestead Tax Credit):	- <u>12,972,453</u>
1-Jul-2023 Net assessable real property base:	2,752,629,879
1-Jul-2023 Actual local tax rate (per \$100):	x <u>0.6300</u>
1-Jul-2023 Potential revenue:	\$ 17,341,568
1-Jul-2024 Estimated assessable base:	\$ 3,056,897,806
1-Jan-2024 (Half year new construction):	- 31,773,851
1-Jul-2024 (Estimated full year new construction):	- 135,200,000
1-Jul-2024 (Estimated abatements and deletions):	- <u>13,233,533</u>
1-Jul-2024 Net assessable real property base:	\$ 2,876,690,422

Constant Yield Rate Calculation:

1-Jul-2023 Potential revenue:	\$ 18,366,086
1-Jul-2024 Net assessable real property base:	\$ 2,931,503,422
1-Jul-2024 Recommended Constant Yield Rate:	<u>0.6028</u>

Source: *Maryland Department of Assessments and Taxation*



FY24 CURRENT TAX RATE AND CONSTANT YIELD RATE NET ASSESSABLE BASE AND PROJECTED REVENUE CALCULATIONS

1-Jul-2022 Gross assessable real property base:	\$ 2,611,904,541
1-Jul-2022 (Homestead Tax Credit):	- <u>18,648,062</u>
1-Jul-2022 Net assessable real property base:	2,593,256,479
1-Jul-2022 Actual local tax rate (per \$100):	x <u>0.6300</u>
1-Jul-2022 Potential revenue:	\$ 16,337,516
1-Jul-2023 Estimated assessable base:	\$ 2,804,692,234
1-Jan-2023 (Half year new construction):	- 31,527,040
1-Jul-2023 (Estimated full year new construction):	- 38,200,000
1-Jul-2023 (Estimated abatements and deletions):	- <u>15,175,210</u>
1-Jul-2023 Net assessable real property base:	\$ 2,719,789,984

Constant Yield Rate Calculation:

1-Jul-2022 Potential revenue:	\$ 16,337,516
1-Jul-2023 Net assessable real property base:	\$ 2,719,789,984
1-Jul-2023 Recommended Constant Yield Rate:	<u>0.6007</u>

Source: *Maryland Department of Assessments and Taxation*

