

Maryland Holds the Line on Property Tax Rate; But Buyers Should Consider Total Tax Burden

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Recently, the Maryland Board of Public Works voted to keep the state property tax rate at its current level. The Board is composed of the Governor, Comptroller and State Treasurer. Governor Larry Hogan, a fiscal conservative, announced that holding the rate was part of his commitment to “prudent capital spending.” As a result, the state tax rate will remain at 11.2

cents per \$100 of assessed value, or 0.112% of total value. That means a property assessed at \$1,000,000 will incur a state tax of \$1,120 annually.

While this might suggest good news for Maryland property owners, the state property tax is only a small portion of the overall tax burden on properties. Each non-exempt property is also subject to county property taxes and, in some jurisdictions, municipal property taxes as well. For instance, in Montgomery County, a D.C. suburb and the most populated county in the State, the current county tax rate is 0.9927%, which adds another \$9,927 in taxes for a \$1,000,000 assessment. Further, a person owning property in Takoma Park, located inside Montgomery County and on the D.C. border, would pay an *additional* municipal tax of 0.5291. Consequently, a non-exempt property assessed at \$1,000,000 in Takoma Park is subject to a total property tax rate of 1.6338%, equaling \$16,338 in annual property taxes.

Other Maryland municipalities that impose a third layer of property taxes include Frederick City (0.73%), Hyattsville (0.63%), and Annapolis (0.54%). When considering the location and timing of purchasing property in the Maryland, buyers should consider the total property taxes imposed annually. Moreover, if the pre-purchase assessment is lower than the purchase price, the buyer can generally expect the assessment to increase up to the purchase price for the next triennial assessment cycle. The local assessment offices track sales of properties and will pick up the sale price when issuing new assessments.

Miller, Miller & Canby has been challenging the assessments of various types of properties in Maryland for more than 30 years and has obtained substantial reductions in real property assessments for our clients. We have successfully appealed the assessments on office buildings, retail stores, senior living centers, warehouses, industrial sites, casinos, apartment buildings, golf courses and cemeteries.

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