

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 520

(Senator Kramer)

Budget and Taxation

Ways and Means

**Property Tax - Charter Counties - Application of County Tax Limitation on
Public Safety Budget**

This bill authorizes the county council of a charter county, except for Prince George’s County, that has either a property tax revenue or rate limitation to set, by a simple majority of the council, a property tax rate higher or to collect more property tax revenues than authorized under the county charter for the purpose of funding the approved county public safety budget. **The bill takes effect June 1, 2026, and applies to taxable years beginning after June 30, 2026.**

Fiscal Summary

State Effect: None.

Local Effect: Potential revenue increase in Anne Arundel, Montgomery, Talbot, and Wicomico counties. County expenditures are not directly affected.

Small Business Effect: None.

Analysis

Current Law: There are eleven charter counties in the State: Anne Arundel, Baltimore, Cecil, Dorchester, Frederick, Harford, Howard, Montgomery, Prince George’s, Talbot, and Wicomico counties.

Five charter counties (Anne Arundel, Montgomery, Prince George’s, Talbot, and Wicomico) have amended their charters to limit property tax rates or revenues. In Anne Arundel County, the total annual increase in property tax revenues is limited to the

lesser of 4.5% or the increase in the Consumer Price Index (CPI). In Montgomery County, a real property tax rate that exceeds the real property tax rate approved for the previous year may only be adopted if approved by all members of the county council. In Prince George's County, the general property tax rate is capped at \$0.96 per \$100 of assessed value. Special taxing districts, such as the Maryland-National Capital Park and Planning Commission, are not included under the tax cap. In Wicomico County, the total annual increase in property tax revenues is limited to the lesser of 2% or the increase in CPI. In Talbot County, the total annual increase in property tax revenues is limited to 2%. However, in fiscal 2022 through 2026, the property tax rate set by the county council can exceed the charter limit by 1 cent.

Counties may exceed the charter limitations on local property taxes for the purpose of funding the approved budget of the local boards of education. If a local property tax rate is set above the charter limit, the county governing body may not reduce funding provided to the local board of education from any other local source and must appropriate to the local board of education all of the revenues generated from any increase beyond the existing charter limit. This authority was adopted at the 2012 regular session to ensure that counties have the fiscal ability to meet education maintenance of effort requirements. In fiscal 2013, Talbot County became the first jurisdiction to exercise this new authority by establishing a 2.6 cent supplemental property tax rate for the local board of education. In fiscal 2016, Prince George's County became the second county to do so by enacting a 4.0 cent supplemental property tax rate to fund its schools. This authority has also been used by Montgomery County in fiscal 2017 and by Anne Arundel County in fiscal 2020. For fiscal 2024, three counties (Anne Arundel, Montgomery, and Talbot) imposed a property tax rate exceeding the charter limit. For fiscal 2025 and 2026, only Talbot County imposed a property tax rate that exceeded the charter limit.

Local Fiscal Effect: The bill allows Anne Arundel, Montgomery, Talbot, and Wicomico counties to raise property tax revenue in excess of each county's revenue or property tax rate limit, provided the excess revenues are earmarked to the county public safety budget. However, the actual amount of any revenue increase depends on whether the county council sets a tax rate higher than authorized and the amount of revenue generated from that tax rate that is in excess of any county revenue limitation.

Exhibit 1 shows the additional revenue resulting from various real property tax rate increases in fiscal 2027 for the affected counties.

Exhibit 1
Potential County Revenues from Property Tax Rate Increases
Fiscal 2027

<u>County</u>	<u>1/10 of \$.01</u> <u>Increase</u>	<u>1/4 of \$.01</u> <u>Increase</u>	<u>1/2 of \$.01</u> <u>Increase</u>	<u>\$.01</u> <u>Increase</u>
Anne Arundel	\$1,052,312	\$2,630,781	\$5,261,562	\$10,523,124
Montgomery	2,522,948	6,307,371	12,614,742	25,229,484
Talbot	95,514	238,785	477,569	955,138
Wicomico	94,234	235,586	471,172	942,345

Source: Department of Legislative Services

Related Data and Budget Information

Information on local tax rates and revenue collections for each county government is provided in the [County Revenue Outlook Report](#).

Information on public safety expenditures at the county government level is provided in the *Local Government Finances Report*. The report includes a [summary analysis](#) on a per capita basis as well as detailed spending [charts](#) (pages 231, 266, 275, and 285).

Information on violent crime offenses in each county for calendar 2023 and 2024 is available in the [State Aid Overview Report](#) (page 22).

A copy of these reports is available on the Department of Legislative Services [website](#).

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See SB1041 of 2025.

Designated Cross File: None.

Information Source(s): Anne Arundel, Baltimore, Cecil, Dorchester, Frederick, Harford, Howard, Montgomery, Prince George's, Talbot, and Wicomico counties; Department of Legislative Services

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