

(10) conservation property owned by the Nature Conservancy, the Chesapeake Bay Foundation, the Izaak Walton League and Maryland Ornithological Society; (11) property of nonprofit community water systems; and (12) nonprofit housing property.

Table XV itemizes exempt property according to the amount of assessable base in each subdivision. The total amount of exempt assessable base is \$10,497,837,078 which equates to a full cash value of \$24,146,836,292. It should be noted that more than three-quarters of the total amount of exempt property is owned by the Federal, the State and local governments.

RATIO STUDY

Assessment ratio studies serve many useful purposes. First, they monitor assessment performance by indicating the level of assessment and the degree of dispersion around that level. Second, they indicate the priority of need for reassessment. Third, assessment ratio studies are used in the estimation of the total market value of all real property in a political subdivision.

Ratio studies have been conducted in Maryland since the early 1950's and since 1970 have been made annually in accordance with Title 2-202 of the Tax-Property Article. In 1953, the State Tax Commission directed a group of assessors to visit each jurisdiction in the State and to investigate the level of assessments in each. That study consisted of random selection and examination of usable sales and from that information the calculation of a ratio. The survey indicated individual assessment ratios from a high of 60% to a low of 25%, with the statewide average being 40%. The averages were a simple arithmetic calculation not weighted by dollar value of assessment and sale, nor amounts of property by use classes.

In 1958, a subcommittee of the Legislature recommended that a similar survey of assessment ratios be conducted in 1959, and that recommendation was adopted. A study was made on a more comprehensive and detailed basis and the results showed the improvements in statewide uniformity. After that survey, the Legislative Council on Taxation and Fiscal Matters included in its report the language that "As a practical matter exact uniformity of assessment ratios among the 24 political subdivisions never has been achieved. . . ; but on the other hand, there is every reason to believe that the assessment ratios of Baltimore City and the counties can be brought within a range of a few percentage points and held there." In 1961, legislation was enacted directing similar surveys beginning in 1962 and to be at two-year intervals thereafter. The law was again changed in 1970 to require a survey to be made each year.

The general character of assessment uniformity is represented by ratios as shown in Table IV for the period 1972 through 1986, with the ratios being converted to full value to reflect changes in the inflationary factors which were implemented in various years. The method used in valuing property for assessment purposes is based upon historical data; that is, costs of construction which have been collected from the various subdivisions of the State, and sales of properties which have taken place since the previous assessment became official. It is important to note that in an inflationary period, assessments which are made correctly at a given level of value (43.4570%) will no longer reflect that same ratio when those assessments are utilized to generate tax bills at the beginning of the next taxable year. The Department believes that the uniformity of assessments throughout the State is its primary responsibility, and that the level of assessments must remain a secondary consideration.