

STATE DEPARTMENT OF ASSESSMENTS AND TAXATION  
301 West Preston Street  
Baltimore, Maryland 21201

The Honorable William Donald Schaefer, Governor,  
and The General Assembly of Maryland

I am pleased to submit the Forty-Third Annual Report of the Department of Assessments and Taxation. This report presents an overview of the key functions of the Department along with statistics about the programs we administer. The Department maintains a great deal of valuable data regarding both State and local taxes. If you are interested in any particular information that is not presented in this report, I invite you to contact me personally.

Real property assessments continue to be the focal point for the Department. Over 75% of our budget is dedicated to this key function and it is the one activity that is most directly associated with the Department of Assessments and Taxation. One of the reasons for such high visibility is that each year the Department issues over 500,000 reassessment notices to property owners throughout the State. Thus, we are one of the few State agencies with direct contact with such a large portion of the citizens of the State.

The assessment related activities of the Department are of considerable importance to governments in Maryland. Each of the 24 subdivisions, over 150 municipalities, and the State itself, depend upon this Department to establish the basis upon which property taxes are levied. In FY 1986, all of these governmental units combined collected approximately \$1.8 billion in property tax revenues. However, it must be noted that in Maryland, the property tax is primarily a local government revenue with less than 10% of the revenues going to the State.

One of the most unique aspects of the Department is that Maryland is the only state where the assessment process is purely a state function. In other states, assessors are employed by local governments and they are either elected or appointed. In Maryland, all assessors are State employees. The advantage being that regardless of location throughout the State, assessments are uniform. They are developed using the same techniques and approaches; they are all based on the same standard of market value; and properties are assessed without regard to revenue considerations.

Although the Department is frequently recognized for its assessment functions, there is another important area that should not go unnoticed. That is, the administration of the State funded Tax Credit Programs. As a part of the State's overall property tax policy structure, Maryland has made a commitment to relate property taxes to the ability to pay. In 1986, the State (through the Department) provided over \$40.5 million in State grants to almost 87,000 homeowners. The average credit granted under the Homeowners' Property Tax Credit Program (frequently called the circuit breaker program) was \$470 in 1986. This program was enacted in 1975 and originally applied to homeowners age 60 plus or disabled. It now applies to all homeowners, regardless of age.

The Renters' Tax Credit Program is similar to the Homeowners' Property Tax Credit Program in that it provides State funded credits based on the ability to pay. However, the Renters' Program only applies to renters age 60 plus or disabled. In 1986, it provided 9,296 renters with an average credit of \$213 for a total expenditure of almost \$2 million. Both the Homeowners' and Renters' Tax Credit Programs are expected to increase ex-