

inflation for purposes of State taxation, State aid formulas, and certain contracts and covenants; and generally relating to the assessment and taxation of real property.

May 26, 1977

Honorable Steny H. Hoyer
President of the Senate
State House
Annapolis, Maryland 21404

Dear Mr. President:

In accordance with Article II, Section 17 of the Maryland Constitution, I have today vetoed Senate Bill 621.

This bill, dealing generally with assessments, does two things. First, it adds a new section 232C to Article 81 of the Code, requiring the Department of Assessments and Taxation to compute for each local taxing jurisdiction a "constant yield tax rate" which will provide, based upon the estimated assessable value of all real and personal property subject to taxation for the next ensuing taxable year, the same property tax revenue as was levied during the current taxable year. The local taxing authority may not increase its tax rate above the "constant yield" rate unless it publicly advertises its intention to do so and conducts a public hearing on the matter.

Senate Bill 621 has an effective date of June 1, 1977, which would cause it to apply to the 1977-78 taxable year. Such application would, however, be a practical impossibility. Section 232C(B), for example, requires the Department of Assessments and Taxation to notify the various taxing authorities of the total assessable value of property subject to taxation (and possibly the constant yield tax rate as well, depending upon how the subsection is interpreted) by January 15 preceding the taxable year. Obviously, this cannot be done for the 1977-78 taxable year. In addition, Section 232C(H) requires that certain information be included in the property tax bills for all taxable years beginning after June 30, 1977. This would require a reprinting of thousands of local tax bills, at considerable cost, delay, and inconvenience to the subdivisions.

House Bill 1389, which was signed into law on May 26, 1977, enacts these same provisions, to take effect for the 1978-79 taxable year. Thus, with the signing of that bill, the objectives in this first section of Senate Bill 621 will be achieved at the earliest practicable time.