

## Frequently Asked Questions

### **Q. What are the County tax rates for FY 2026?**

- *Property Tax* rate is \$1.044 per \$100 of assessed real property and \$2.610 for eligible business personal property value.
- *Fire & Rescue Tax* rate is \$0.206 per \$100 of assessed real property and \$0.515 for eligible business personal property value.
- *Recordation Tax* rate is \$2.50 for each \$500 of value when property is sold and title recorded.
- *Admissions & Amusement Tax* rate is 7.5%. Live shows, concerts, agritourism, and certain athletic activities are charged a 5% rate.
- *Local Income Tax* rate is 3.2% of the Maryland Net Taxable Income.
- *Hotel/Motel Tax* rate is 7% of room rental charges. First 5% of the rate goes to the General Fund, while the remainder is allocated as follows: one-third to the Economic Development Authority, and two-thirds to the Howard County Tourism Council.
- *Transfer Tax* rate is 1.25% of property value transferred. Revenue from the tax is allocated as follows: 25% for school land acquisition and construction; 25% for park construction and development; 20% for agricultural land preservation; and 15% each for housing and community development and fire and rescue service.

### **Q. How much revenue does a one-cent increase in the property tax rate generate?**

Each one-cent increase in the real property tax rate would generate \$6.5 million additional real property tax revenues to the General Fund (\$7 million in total if including personal property tax impact).

### **Q. What is the Constant Yield Tax Rate (CYTR)?**

The CYTR is a hypothetical tax rate a County could set to collect the same property tax revenue as the previous year. Previously, state law required counties to calculate and publicize the CYTR if it was lower than the current rate to show the effect of rising property values. However, legislation passed in 2023 removed this requirement. Now, only proposed increases in the real property tax rate need public notice or a hearing.

### **Q. What is the Maintenance of Effort (MOE)?**

The State-mandated MOE requires the County to fund the School System at least at the same per pupil cost as the previous year. The approved FY 2026 county funding to the schools is \$53.8 million above MOE.

### **Q. What is OPEB?**

OPEB or other Post Employment Benefits are health and life benefits for retired employees of the County, Board of Education, Library, Community College, Economic Development Authority, Soil Conservation District, and Housing Commission. Governments must record these future costs as liabilities on their financial statements and establish a plan to fund them as they are incurred.

### **Q. What is the Rainy-Day Fund?**

The Charter requires the County to maintain a Rainy-Day Fund ("Budget Stabilization Account") of up to 7% of the latest audit of General Fund expenditures at the time the budget is adopted. The County has never used funds from this account to balance the budget, to ensure a minimum amount is available in "savings account" against risks.