
By: **Delegate C. Davis**

Introduced and read first time: February 11, 2005

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Land Value Taxation - Local Option for Baltimore City**

3 FOR the purpose of establishing separate classes for property tax assessment
4 purposes for land and improvements to land; requiring that the property tax
5 rate in Baltimore City for improvements to land be less than or equal to the rate
6 for land; requiring the property tax rates in Baltimore City applicable to certain
7 property to bear certain relationships to the rate for improvements to land;
8 authorizing the Mayor and City Council of Baltimore City to set a tax rate of
9 zero for improvements to land; prohibiting the Mayor and City Council of
10 Baltimore City from setting different tax rates for subclasses of property, with
11 certain exceptions; repealing certain obsolete provisions of law; providing for the
12 application of this Act; and generally relating to establishing separate classes for
13 property tax purposes and authorizing separate tax rates in Baltimore City for
14 land and improvements to land.

15 BY repealing and reenacting, with amendments,
16 Article - Tax - Property
17 Section 6-302 and 8-101
18 Annotated Code of Maryland
19 (2001 Replacement Volume and 2004 Supplement)

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
21 MARYLAND, That the Laws of Maryland read as follows:

22 **Article - Tax - Property**

23 6-302.

24 (a) Except as otherwise provided in this section and after complying with §
25 6-305 of this subtitle, in each year after the date of finality and before the following
26 July 1, the Mayor and City Council of Baltimore City or the governing body of each
27 county annually shall set the tax [rate] RATES for the next taxable year [on all
28 assessments] FOR EACH OF THE FOLLOWING CONSTITUTIONAL CLASSES of property
29 subject to that county's property tax:

- 1 (1) LAND;
- 2 (2) IMPROVEMENTS TO LAND; AND
- 3 (3) PERSONAL PROPERTY.

4 (b) (1) Except as provided in subsection (c) of this section, §§ 6-305 and
5 6-306 of this subtitle and § 6-203 of this title:

6 (i) there shall be a single county property tax rate for all [real
7 property] LAND AND IMPROVEMENTS TO LAND subject to county property tax except
8 for operating real property described in § 8-109(c) of this article; and

9 (ii) the county tax rate applicable to personal property and TO the
10 LAND AND IMPROVEMENTS TO LAND THAT MAKE UP THE operating real property
11 described in § 8-109(c) of this article for taxable years beginning after June 30, 2001
12 shall be 2.5 times the rate for [real property] LAND AND IMPROVEMENTS TO LAND.

13 (2) Paragraph (1) of this subsection does not affect a special rate
14 prevailing in a taxing district or part of a county.

15 [(c) (1) Intangible personal property is subject to county property tax as
16 otherwise provided in this title at a rate set annually, if:

17 (i) the intangible personal property has paid interest or dividends
18 during the 12 months that precede the date of finality;

19 (ii) interest or dividends were withheld on the intangible personal
20 property during the 12 months that precede the date of finality to avoid the tax under
21 this subsection;

22 (iii) the intangible personal property consists of newly issued bonds,
23 certificates of indebtedness, or evidences of debt on which interest is not in default; or

24 (iv) a stock dividend has been declared on the intangible personal
25 property during the 12 months that precede the date of finality.

26 (2) The county tax rate for the intangible personal property is 30 cents
27 for each \$100 of assessment.]

28 (C) (1) IN BALTIMORE CITY, THE TAX RATE FOR IMPROVEMENTS TO LAND
29 SHALL BE LESS THAN OR EQUAL TO THE RATE SET FOR LAND.

30 (2) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY MAY SET AN
31 ANNUAL TAX RATE OF ZERO FOR IMPROVEMENTS TO LAND.

32 (3) IN BALTIMORE CITY, THE TAX RATE APPLICABLE TO PERSONAL
33 PROPERTY SHALL BE 2.5 TIMES THE RATE FOR IMPROVEMENTS TO LAND.

1 (4) (I) EXCEPT AS OTHERWISE PROVIDED IN THIS PARAGRAPH, THE
2 MAYOR AND CITY COUNCIL OF BALTIMORE CITY MAY NOT SET DIFFERENT TAX
3 RATES FOR SUBCLASSES OF PROPERTY.

4 (II) THE BALTIMORE CITY TAX RATE APPLICABLE TO LAND AND
5 IMPROVEMENTS TO LAND THAT MAKE UP THE OPERATING REAL PROPERTY
6 DESCRIBED IN § 8-109(C) OF THIS ARTICLE SHALL BE 2.5 TIMES THE RATE FOR
7 IMPROVEMENTS TO LAND.

8 (D) NOTHING IN THIS SECTION IS INTENDED TO CHANGE ASSESSMENTS OR
9 ASSESSMENT PRACTICES EXISTING PRIOR TO JULY 1, 2005.

10 8-101.

11 (a) [For] CONSISTENT WITH ARTICLE 15 OF THE MARYLAND DECLARATION
12 OF RIGHTS, FOR assessment purposes, property shall be divided into classes and
13 subclasses.

14 (b) [Real property] LAND is a class of property and is divided into the
15 following subclasses:

16 (1) land that is actively devoted to farm or agricultural use, assessed
17 under § 8-209 of this title;

18 (2) marshland, assessed under § 8-210 of this title;

19 (3) woodland, assessed under § 8-211 of this title;

20 (4) land of a country club or golf course, assessed under §§ 8-212 through
21 8-217 of this title;

22 (5) land that is used for a planned development, assessed under §§ 8-220
23 through 8-225 of this title;

24 (6) LAND THAT IS rezoned real property that is used for residential
25 purposes, assessed under §§ 8-226 through 8-228 of this title;

26 (7) LAND THAT IS USED AS operating real property of a railroad;

27 (8) LAND THAT IS USED AS operating real property of a public utility; and

28 (9) all other [real property] LAND that is directed by this article to be
29 assessed.

30 (C) IMPROVEMENTS TO LAND IS A CLASS OF PROPERTY AND IS DIVIDED INTO
31 THE FOLLOWING SUBCLASSES:

32 (1) IMPROVEMENTS TO LAND THAT IS USED AS OPERATING PROPERTY
33 OF A RAILROAD;

1 (2) IMPROVEMENTS TO LAND THAT IS USED AS OPERATING PROPERTY
2 OF A PUBLIC UTILITY; AND

3 (3) ALL OTHER IMPROVEMENTS TO LAND THAT ARE DIRECTED BY THIS
4 ARTICLE TO BE ASSESSED.

5 [(c)] (D) Personal property is a class of property and is divided into the
6 following subclasses:

7 (1) stock in business;

8 (2) distilled spirits;

9 (3) operating personal property of a railroad;

10 (4) operating personal property of a public utility that is machinery or
11 equipment used to generate electricity or steam for sale;

12 (5) all other operating personal property of a public utility;

13 (6) machinery and equipment, other than operating personal property of
14 a public utility, that is used to generate:

15 (i) electricity or steam for sale; or

16 (ii) hot or chilled water for sale that is used to heat or cool a
17 building; and

18 (7) all other personal property that is directed by this article to be
19 assessed.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 October 1, 2005, and shall be applicable to all taxable years beginning after June 30,
22 2006.