

Department of Legislative Services  
Maryland General Assembly  
2014 Session

FISCAL AND POLICY NOTE

House Bill 703 (Delegate McMillan)  
Ways and Means

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**Real Property Tax - Phased In Value - Definition**

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This bill clarifies that, for purposes of certain provisions of law concerning assessments of real property, the definition of “phased in value” means the value determined in the most recent valuation if the value of the property has decreased or not increased.

The bill takes effect June 1, 2014, and applies to taxable years beginning after June 30, 2014.

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**Fiscal Summary**

**State Effect:** None. The bill does not affect State operations of finances.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** Real property is valued and assessed once every three years by the State Department of Assessments and Taxation. This approach, the triennial assessment process, was part of major property tax reform established in 1979. Under this process, assessors from the department physically inspect each property every three years. No adjustments are made in the interim, except in certain cases including (1) a zoning change; (2) a substantial change in property use; (3) extensive improvements to the property; or (4) a prior erroneous assessment. The assessor determines the current “full market value” of the property and any increase in value is phased in over a three-year period. Any decrease, however, is recognized immediately for assessment purposes.

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## **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** State Department of Assessments and Taxation, Property Tax Assessment Appeals Board, Department of Legislative Services

**Fiscal Note History:** First Reader - February 17, 2014  
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