

Chapter 617

(House Bill 833)

AN ACT concerning

Baltimore City – Tax-Exempt Property – Certification of Use

FOR the purpose of requiring certain organizations that own property in Baltimore City that is not subject to property tax to submit a certain application to the State Department of Assessments and Taxation on or before ~~a certain date~~ certain dates; requiring that the application include a certification that certain property not subject to property tax is in current actual use for a certain tax-exempt purpose; specifying the form and oath required for the application; providing that a property subject to this Act for which an application has not been filed on or before ~~a certain date~~ certain dates shall be subject to property tax on ~~a certain date~~ certain dates; requiring that a property for which an application is filed after ~~a certain date~~ certain dates not be subject to property tax effective in certain taxable years; requiring certain organizations that own property in Baltimore City that is not subject to property tax to notify certain persons within a certain period of time after the property ceases to be used for a certain tax-exempt purpose; providing for a delayed effective date; and generally relating to requiring ~~a~~ certification of a current tax-exempt use of certain property in Baltimore City that is not subject to property tax.

BY repealing and reenacting, with amendments,
 Article – Tax – Property
 Section 7-202 and 7-204
 Annotated Code of Maryland
 (2012 Replacement Volume and 2013 Supplement)

BY adding to
 Article – Tax – Property
 Section 7-204.1
 Annotated Code of Maryland
 (2012 Replacement Volume and 2013 Supplement)

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

Article – Tax – Property

7-202.

(a) In this section:

- (1) “fraternal organization” means any organization that:
- (i) is conducted solely for the benefit of its members and its beneficiaries;
 - (ii) is operated on a lodge system with a ritualistic activity; and
 - (iii) has a representative form of government;
- (2) “fraternal organization” includes a sororal organization; and
- (3) “fraternal organization” does not include:
- (i) any college or high school fraternity or sorority; or
 - (ii) any other fraternal or sororal organization the membership of which is restricted wholly or largely to students or graduates of an educational institution or a professional school.

(b) (1) Except as provided in subsection (c) of this section **AND SUBJECT TO § 7-204.1 OF THIS SUBTITLE**, property is not subject to property tax if the property:

- (i) is necessary for and actually used exclusively for a charitable or educational purpose to promote the general welfare of the people of the State, including an activity or an athletic program of an educational institution; and
- (ii) is owned by:
 1. a nonprofit hospital;
 2. a nonprofit charitable, fraternal, educational, or literary organization including:
 - A. a public library that is authorized under Title 23 of the Education Article; and
 - B. a men’s or women’s club that is a nonpolitical and nonstock club;
 3. a corporation, limited liability company, or trustee that holds the property for the sole benefit of an organization that qualifies for an exemption under this section; or
 4. a nonprofit housing corporation.

(2) The exemption under paragraph (1)(ii)1 of this subsection includes any personal property initially leased by a nonprofit hospital for more than 1 year under a lease that is noncancellable except for cause.

(c) (1) Except for a nonprofit hospital, not more than 100 acres of real property owned by an exempt organization and appurtenant to the premises of the exempt organization is exempt from property tax, if the property is located outside of a municipal corporation or Baltimore City.

(2) Not more than 100 acres of real property of a nonprofit hospital that is appurtenant to the hospital is exempt from property tax.

(d) (1) Notwithstanding § 7–104 of this title and after filing the application provided by § 7–103 of this title, property tax on any property that is transferred to a nonprofit charitable organization is abated from the date during the taxable year when the instrument transferring title to the organization is recorded if:

(i) the property is transferred to a nonprofit charitable organization qualified under § 501(c)(3) of the Internal Revenue Code;

(ii) the property becomes exempt under this section;

(iii) the property has a value less than \$300,000 as listed in the records of the Department on the date when the instrument transferring title to the organization is recorded; and

(iv) the nonprofit charitable organization provides the Department evidence of the property tax it actually paid or reimbursed at the property settlement.

(2) The amount of property tax abated under this subsection may not exceed the amount of property tax actually paid or reimbursed by an eligible organization at the property settlement.

7–204.

[Property] SUBJECT TO § 7–204.1 OF THIS SUBTITLE, PROPERTY that is owned by a religious group or organization is not subject to property tax if the property is actually used exclusively for:

(1) public religious worship;

(2) a parsonage or convent; or

(3) educational purposes.

7-204.1.

(A) AN ORGANIZATION THAT OWNS PROPERTY IN BALTIMORE CITY THAT IS NOT SUBJECT TO PROPERTY TAX AS OF JUNE 1, 2014, UNDER § 7-202 OR § 7-204 OF THIS SUBTITLE SHALL SUBMIT AN APPLICATION TO THE DEPARTMENT ~~ON OR BEFORE JUNE 1, 2016~~, IN ACCORDANCE WITH THIS SECTION:

(1) BEGINNING WITH APRIL 1, 2016, ON OR BEFORE THE EARLIER OF APRIL 1 OF THE YEAR IN WHICH THE PROPERTY IS ASSESSED IN ACCORDANCE WITH THE DEPARTMENT'S 3-YEAR CYCLE OR APRIL 1, 2017; AND

(2) ON OR BEFORE APRIL 1 OF EACH SUBSEQUENT YEAR IN WHICH THE PROPERTY IS ASSESSED IN ACCORDANCE WITH THE DEPARTMENT'S 3-YEAR CYCLE.

(B) THE APPLICATION SHALL:

(1) BE MADE ON THE FORM THAT THE DEPARTMENT PROVIDES;

(2) CERTIFY THAT EACH PROPERTY OWNED BY THE ORGANIZATION IN BALTIMORE CITY THAT IS NOT SUBJECT TO PROPERTY TAX IS IN CURRENT ACTUAL USE FOR A TAX-EXEMPT PURPOSE AS ENUMERATED IN § 7-202 OR § 7-204 OF THIS SUBTITLE; AND

(3) INCLUDE A STATEMENT BY A REPRESENTATIVE OF THE ORGANIZATION UNDER OATH THAT THE FACTS STATED IN THE APPLICATION ARE TRUE, CORRECT, AND COMPLETE.

(C) A PROPERTY SUBJECT TO THIS SECTION FOR WHICH AN APPLICATION HAS NOT BEEN FILED ON OR BEFORE ~~JUNE 1, 2016~~, ~~SHALL BE SUBJECT TO PROPERTY TAX EFFECTIVE JULY 1, 2016~~ APRIL 1 OF A YEAR IN WHICH AN APPLICATION IS DUE UNDER SUBSECTION (A) OF THIS SECTION SHALL BE SUBJECT TO PROPERTY TAX EFFECTIVE THE FOLLOWING JULY 1.

(D) A PROPERTY FOR WHICH AN APPLICATION IS FILED AFTER ~~JUNE 1, 2016~~, APRIL 1 OF A YEAR IN WHICH AN APPLICATION IS DUE UNDER SUBSECTION (A) OF THIS SECTION IS NOT SUBJECT TO PROPERTY TAX EFFECTIVE:

(1) THE NEXT TAXABLE YEAR IF THE APPLICATION IS RECEIVED ON OR AFTER JULY 1 BUT ON OR BEFORE ~~JUNE~~ APRIL 1; OR

(2) THE SECOND FOLLOWING TAXABLE YEAR IF THE APPLICATION IS RECEIVED AFTER ~~JUNE~~ APRIL 1 BUT BEFORE JULY 1.

(E) AN ORGANIZATION THAT OWNS PROPERTY SUBJECT TO THIS SECTION SHALL NOTIFY THE DEPARTMENT AND THE DIRECTOR OF FINANCE OF BALTIMORE CITY WITHIN 30 DAYS AFTER THE PROPERTY CEASES TO BE USED FOR A TAX-EXEMPT PURPOSE AS ENUMERATED IN § 7-202 OR § 7-204 OF THIS SUBTITLE.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect ~~June 1, 2014~~ July 1, 2015.

Approved by the Governor, May 15, 2014.