

AI Carr's UNFAVORABLE testimony on SB1027

March 26, 2024

Dear Chair Atterbeary, Vice Chair Wilkins and distinguished members of the Ways and Means committee ,

I ask for your unfavorable report on Senate Bill 1027 entitled Property Tax - Appeals - Definition of "Taxpayer" .

This is an emergency bill and a retroactive bill that benefits a single property owner. American Self Storage, located at 3700 Plyers Mill Rd in Kensington, is a large, prominent, highly visible property that was upzoned a few years ago for mixed use. SDAT last assessed the property in January 2022 for \$21 million. By chance I noticed that it sold 8 months later in August 2022 for \$76 million. So I flagged this dramatically under assessed property for review by SDAT by filing a 3rd party appeal in December 2022. I argued that the sale price reflects the market value.

SDAT reviewed the facts, agreed with me, and increased the assessed value to \$76 million, phased in over three years. The property owner appealed SDAT's decision to the Property Tax Assessment Appeals Board. The property owner has since refused to pay their real property tax bill according to Montgomery County records.

A PTAAB appeal hearing was scheduled for March 4th 2024. A few days prior to the hearing, it was canceled at the request of the property owner.

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Allowing Third party appeals was the intent of the legislature.

Such appeals are desirable and are good policy because they are in the interest of fairness and uniformity on which our system depends.

If you take third party appeals away, there is no option for an ordinary person to flag an under assessed property for SDAT review. The property owner has no incentive to appeal an under assessed property.

The law has been worded this way for about 40 years. Since that time, no evidence exists of people filing frivolous appeals against neighbors. It didn't happen in the past, it is not happening in the present, and it won't happen in the future. To the extent that the committee fears this could be a problem in the future, a better solution would be an amendment striking the bill and substituting language to charge a \$25 third party appeal fee that would be refundable if the appeal is successful.

Per the fiscal note, enactment of SB1027 would cost the Town of Kensington \$120,000. It would cost the state \$100,000 and would cost Montgomery County \$600,000. For Kensington, passage of SB1027 would result in a loss of 5% of the Town's real property tax base.

The retroactive provision of the bill is designed to benefit a single property owner. While it may be technically legal, it violates the spirit against ex post facto laws which are often unconstitutional. It is a private bill and is not in the public interest.

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This bill is an end-run around the normal process and not needed. If the property owner believes SDAT made the wrong call, they retain the option to show up for their appeal hearing at PTAAB which was rescheduled to April 30, 2024. They retain the right to appeal a PTAAB decision to Maryland Tax Court. And they retain the right to further appeals through three additional layers of court.

For these reasons I respectfully ask for an unfavorable report.

Sincerely,

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