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By: Chairman, Budget and Taxation Committee (Departmental - Assessments and Taxation)

Requested: November 8, 1995

Introduced and read first time: January 10, 1996

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Property Tax - Quadrennial Assessments**

3 FOR the purpose of altering the frequency of assessments of real property to a 4-year
4 cycle; repealing the phasing in of increases in values and assessments; altering the
5 number of assessment appeal hearing postponements without cause; altering the
6 number of petitions for review that may be filed within a certain period; repealing a
7 certain advertisement; repealing certain terms and certain determinations; altering
8 certain notices; providing for the applicability of this Act; and generally relating to
9 real property assessments.

10 BY repealing and reenacting, with amendments,

- 11 Article - Tax - Property
- 12 Section 1-101(b), 1-402(7), (9), and (11), 2-203(a), 8-103, 8-104(b)and (c),
- 13 8-209(g)(1)(iii), (5)(iii) and (iv), and (6), 8-401(c) and (d), and 9-105(a)(5)
- 14 Annotated Code of Maryland
- 15 (1994 Replacement Volume and 1995 Supplement)

16 BY repealing

- 17 Article - Tax - Property
- 18 Section 1-403
- 19 Annotated Code of Maryland
- 20 (1994 Replacement Volume and 1995 Supplement)

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

23 **Article - Tax - Property**

24 1-101.

25 (b) "Assess" means:

26 (1) for real property, to determine the product of the [phased-in] full cash
27 value multiplied by the assessment percentage or other applicable factor as provided in §
28 8-103(c) of this article to which the property tax rate may be applied;and

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1 (2) for personal property, to determine the value to which the property tax
2 rate may be applied.

3 1-402.

4 Property owners in this State have the following rights:

5 (7) the right to postponement of an assessment appeal hearing [up to 3
6 times] ONE TIME at the property owner's request, and additional postponement only for
7 good cause;

8 (9) after an appeal hearing, the right to:

9 (i) not have an assessment increased during the current [3-year]
10 4-YEAR cycle because of information ascertained at an appeal hearing onresidential
11 property; and

12 (ii) a reinspection of a property, upon request, to reviewupdated
13 information revealed during an appeal hearing that could result in a decreased
14 assessment;

15 (11) the right to file a petition for review [within any year of the 3-year]ONE
16 TIME DURING THE 4-YEAR assessment cycle, as provided in § 8-415 of thisarticle;

17 [1-403.

18 On or before February 15 preceding the taxable year beginning July 1, 1991 and
19 each year thereafter, the Department shall advertise at least once a week for 2
20 consecutive weeks in a newspaper of general circulation in each county:

21 (1) a summary of the property owner's rights provided in this subtitle;

22 (2) for the current and the next taxable year:

23 (i) the new statewide value as defined in § 8-103 of this article;

24 (ii) the assessment percentage used for real property; and

25 (iii) the new statewide assessable base as defined in § 8-103 of this
26 article; and

27 (3) information on the availability of State property tax credits, including
28 the homestead property tax credit, the homeowners property tax credit, and the renters
29 tax credit.]

30 2-203.

31 (a) (1) The Department shall continually review all real property assessments to
32 provide a review of each assessment at least once in each [3-year] 4-YEAR cycle.

33 (2) If any assessment has not been reviewed during a [3-year] 4-YEAR
34 cycle, the Department may order a review of the assessment at any time.

35 8-103.

36 (a) [(1)] In this section [the following words have the meanings indicated.

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1 (2) "New statewide value" means the phased in value of all realproperty
2 subject to property tax on January 1 preceding any taxable year, excluding the phased in
3 value of real property assessed for the 1st time during the calendar year beginning on that
4 January 1.

5 (3) "Phased in value" means for the 1st, 2nd, or 3rd year of a 3-year cycle:

6 (i) the prior value of real property increased by one-third, two-thirds,
7 or the full amount by which the value increased over the prior value based on a physical
8 inspection of the real property; or

9 (ii) if the value of real property has not increased, the value
10 determined in the most recent valuation.

11 (4) "New statewide assessable base" means the total assessable base as of
12 January 1 of any year of a 3-year cycle of all real property subject tothe property tax,
13 excluding the estimated assessment of real property that will be 1st assessed during the
14 following calendar year.

15 (5) "3-year cycle"] "4-YEAR CYCLE" means a continuous series of[3] 4
16 calendar year periods beginning for each period with the 1st calendar year after the
17 calendar year in which a physical inspection of real property is made under § 8-104(b) of
18 this subtitle.

19 (b) [On or before January 1 of each year, the Department shall:

20 (1) determine the new statewide value; and

21 (2) determine the new statewide assessable base.

22 (c) (1) Except as provided in this subsection, the assessment of real property is
23 40% of its [phased in] value.

24 (2) The assessment of the real property described in § 8-102(b)of this
25 subtitle is 50% of its [phased in] use value.

26 (3) The assessment of the operating real property described in § 8-108(c) of
27 this title is 40% of its value.

28 (4) The assessment of the operating real property described in § 8-109(c) of
29 this title is its value.

30 8-104.

31 (b) (1) Notwithstanding a revaluation under subsection (c) of this section, the
32 Department or supervisor shall value all real property once in every [3-year] 4-YEAR
33 cycle based on an exterior physical inspection of the real property.

34 (2) The date of finality for real property that is valued underthis subsection
35 is the January 1 immediately before the 1st taxable year to which the assessment based on
36 the new value is applicable.

37 (c) (1) In any year of a [3-year] 4-YEAR cycle, real property shall be revalued
38 if any of the factors listed below causes a change in the value of the real property:

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1 (i) the zoning classification is changed at the initiative of the owner or
2 anyone having an interest in the property;

3 (ii) a change in use or character occurs;

4 (iii) substantially completed improvements are made which add at least
5 \$50,000 in value to the property;

6 (iv) an error in calculation or measurement of the real property caused
7 the value to be erroneous;

8 (v) a residential use assessment is terminated pursuant to § 8-226 of
9 this title; or

10 (vi) a subdivision occurs. For purposes of this subsection, "subdivision"
11 means the division of real property into 2 or more parcels by subdivision plat,
12 condominium plat, time-share, metes and bounds, or other means.

13 (2) [When real property is revalued under this subsection, the Department
14 or supervisor shall:

15 (i) determine the value that would have resulted if the revaluation
16 had occurred for the 1st year of the 3-year cycle;

17 (ii) determine the value that would have resulted if the revaluation
18 had occurred for the 1st year of the preceding 3-year cycle; and

19 (iii) adjust the phased-in value for each of the years remaining in the
20 3-year cycle to reflect the change that results from the revaluation.

21 (3) The Department or supervisor shall revalue real property under
22 subparagraphs (i), (ii), (iv), (v), and (vi) of paragraph (1) of this subsection on the
23 semiannual date of finality. The revaluation shall be effective for the taxable year
24 beginning on the semiannual date of finality, if the notice under this title is sent no later
25 than 30 days after the semiannual date of finality.

26 [(4)] (3) The Department or supervisor shall revalue real property under
27 subparagraph (iii) of paragraph (1) of this subsection on the date of finality, semiannual
28 date of finality, or quarterly date of finality following the substantial completion of the
29 improvements to land.

30 8-209.

31 (g) (1) In this subsection, the following words have the meanings indicated:

32 (iii) "average gross income" means the average of the 2 highest years of
33 gross income during a [3-year] 4-YEAR period;

34 (5) If land that appears to be actively used does not yield an average gross
35 income of \$2,500, the Director shall waive the gross income requirement on finding that:

36 (iii) a drought or other natural cause has adversely affected the
37 income-producing capability of the land during a [3-year] 4-YEAR period; or

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1 (iv) for a newly established farm or agricultural use, thenature of the
2 use and the amount of the land in farm or agricultural use reasonably would be expected
3 to yield an average gross income of at least \$2,500 if the use had existed for a [3-year]
4 4-YEAR period.

5 (6) The Director may grant only the following additional waivers:

6 (i) under paragraph (5)(iii) of this subsection, for 1 additional
7 consecutive [3-year] 4-YEAR period; and

8 (ii) under paragraph (5)(iv) of this subsection, for 1 additional
9 consecutive [3-year] 4-YEAR period.

10 8-401.

11 (c) The notice for subsection (b)(1) of this section shall include:

12 (1) the amount of the current assessment;

13 (2) the portion of the assessment subject to State taxation;

14 (3) the amount of the current value;

15 (4) the amount of the proposed value including a statement thatthe total
16 amount of the proposed value is the value for purposes of appeal;

17 (5) [the amount of the proposed value that will be the basis for the
18 assessment in each year of the 3-year cycle;

19 (6) the amount of the assessment for each year of the 3-year cycle;

20 (7)] a statement:

21 (i) indicating the right to appeal; and

22 (ii) briefly describing the appeal process and the property owner's bill
23 of rights; and

24 [(8)] (6) a statement that valuation records are available as provided by §
25 14-201 of this article.

26 (d) In the instance of notices required in subsection (b)(2), (3), (4), and (5) of this
27 section, the notice shall include:

28 (1) the amount of the current value;

29 (2) the amount of the proposed or final value;

30 (3) [the amount of the proposed value that is the basis for theassessment in
31 the applicable years of the 3-year cycle;

32 (4) the amount of the assessment for each year of the 3-year cycle;

33 (5)] the portion of the assessment subject to State taxation;

34 [(6)] (4) a statement:

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1 (i) indicating the right of appeal; and

2 (ii) briefly describing the appeal process and the property owner's bill
3 of rights; and

4 [(7)] (5) a statement that valuation records are available as provided by §
5 14-201 of this article.

6 9-105.

7 (a) (5) "Taxable assessment" means the assessment on which the State, county,
8 or municipal corporation property tax rate was imposed in the preceding taxable year,
9 adjusted by the [phased-in] assessment increase resulting from a revaluation under §
10 8-104(c)(1)(iii) of this article, less the amount of any assessment on which a property tax
11 credit under this section is authorized.

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
13 October 1, 1996 and shall be applicable to:

14 (1) Assessment notices issued and appeals filed for dates of finality
15 beginning on or after January 1, 1998; and

16 (2) Taxable years beginning on or after July 1, 1998.