
By: Senator Bromwell

Introduced and read first time: January 24, 1997

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 28, 1997

CHAPTER _____

1 AN ACT concerning

2 **Property Tax Exemption - Continuing Care Facilities for the Aged**

3 FOR the purpose of ~~repealing a certain requirement that a facility be exempt from~~
4 ~~federal income tax to qualify for a certain property tax exemption for continuing~~
5 ~~care facilities for the aged; extending the property tax exemption to property that is~~
6 ~~used for providing services and activities, whether or not they are nonprofit services~~
7 ~~and activities~~ granting a certain property tax exemption for certain continuing care
8 facilities for the aged that receive initial certification on or after a certain date;
9 providing for the applicability of this Act; and generally relating to a property tax
10 exemption for property owned by continuing care facilities for the aged.

11 BY repealing and reenacting, with amendments,
12 Article - Tax - Property
13 Section 7-206
14 Annotated Code of Maryland
15 (1994 Replacement Volume and 1996 Supplement)

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

18 **Article - Tax - Property**

19 7-206.

20 (a) ~~(1)~~ In this ~~section~~ SUBSECTION, "facility" means a continuing care facility
21 for the aged that:

22 ~~(1)~~ (1) provides continuing care as defined in Article 70B, § 7(c) of the
23 Code;

2

1 ~~(2)~~ (II) is licensed as a related institution under Title 19, Subtitle 3 of the
2 Health - General Article; ~~AND~~

3 ~~(3)~~ (III) is certified by the Office on Aging; and

4 ~~(4)~~ (IV) is exempt from federal income tax under § 501(c)(3) of the
5 Internal Revenue Code.

6 ~~(b)~~ (2) Property that is not otherwise exempt from taxation under this section or
7 § 7-202 of this subtitle is not subject to property tax if the property:

8 ~~(i)~~ (I) is owned by a facility; and

9 ~~(2)~~ (II) is used:

10 ~~(i)~~ 1 exclusively for religious worship;

11 ~~(ii)~~ 2 exclusively for administration or for providing {nonprofit}
12 services and activities to residents, including that part of land reasonably allocable to
13 providing the administration, activities, or services, but may not include independent
14 living units; however, nothing in this paragraph affects those independent living units
15 qualifying for exemption under § 7-202 of this subtitle; or

16 ~~(iii)~~ 3, to provide nursing care, domiciliary care, or comprehensive
17 care including:

18 ~~1~~ A, the part of any central administrative or service facility
19 that is reasonably allocable to the licensed health care part of the facility; or

20 ~~2~~ B, the part of any land that is reasonably allocable to the
21 licensed health care part of the facility.

22 (B) (1) IN THIS SUBSECTION, "FACILITY" MEANS A CONTINUING CARE
23 FACILITY FOR THE AGED THAT:

24 (I) PROVIDES CONTINUING CARE AS DEFINED IN ARTICLE 70B,
25 SECTION 7(C) OF THE CODE;

26 (II) IS LICENSED AS A RELATED INSTITUTION UNDER TITLE 19,
27 SUBTITLE 3 OF THE HEALTH - GENERAL ARTICLE; AND

28 (III) IS CERTIFIED BY THE OFFICE ON AGING AND RECEIVED ITS
29 INITIAL CERTIFICATION FROM THAT OFFICE ON OR AFTER JULY 1, 1997.

30 (2) PROPERTY THAT IS NOT OTHERWISE EXEMPT FROM TAXATION
31 UNDER THIS SECTION OR § 7-202 OF THIS SUBTITLE IS NOT SUBJECT TO PROPERTY
32 TAX IF THE PROPERTY:

33 (I) IS OWNED BY THE FACILITY; AND

34 (II) IS USED:

35 1. EXCLUSIVELY FOR RELIGIOUS WORSHIP;

1 2. EXCLUSIVELY FOR ADMINISTRATION OR FOR
2 PROVIDING NONPROFIT SERVICES AND ACTIVITIES TO RESIDENTS, INCLUDING
3 THAT PART OF LAND REASONABLY ALLOCABLE TO PROVIDING THE
4 ADMINISTRATION, ACTIVITIES, OR SERVICES, BUT MAY NOT INCLUDE:

5 A. INDEPENDENT LIVING UNITS, HOWEVER, NOTHING IN
6 THIS SUBPARAGRAPH AFFECTS THOSE INDEPENDENT LIVING UNITS QUALIFYING
7 FOR EXEMPTION UNDER § 7-202 OF THIS SUBTITLE; OR

8 B. PROPERTY THAT THE FACILITY RENTS TO A
9 COMMERCIAL ENTERPRISE FOR THE PROVISION OF ANCILLARY SERVICES THAT
10 THE FACILITY IS NOT CONTRACTUALLY OBLIGATED TO PROVIDE; OR

11 3. TO PROVIDE NURSING CARE, DOMICILIARY CARE, OR
12 COMPREHENSIVE CARE, INCLUDING:

13 A. THE PART OF ANY CENTRAL ADMINISTRATIVE OR
14 SERVICE FACILITY THAT IS REASONABLY ALLOCABLE TO THE LICENSED HEALTH
15 CARE PART OF THE FACILITY; OR

16 B. THE PART OF ANY LAND THAT IS REASONABLY
17 ALLOCABLE TO THE LICENSED HEALTH CARE PART OF THE FACILITY.

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
19 July 1, 1997 and shall be applicable to all taxable years beginning after June 30, 1998.