Unofficial Copy Q1 1998 Regular Session (8lr0503)

ENROLLED BILL

-- Budget and Taxation/Ways and Means --

Introduced by Senators Hogan, Ruben, Van Hollen, and Collins

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this _____ day of _____ at _____ o'clock, ____M.

President.

CHAPTER____

1 AN ACT concerning

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Property Tax Exemption - Charitable Organizations - Abatement and Refund of Property Tax in Year of Transfer

4 FOR the purpose of providing that, under certain circumstances, property tax on any

5 <u>certain</u> property that becomes exempt during a taxable year is abated from the

6 date during the taxable year when the instrument transferring title to certain

7 charitable organizations is recorded; providing that under certain circumstances

8 a transferee is entitled to a refund for property tax reimbursed to a transferor;

9 and providing for the application of this Act.

10 BY repealing and reenacting, with amendments,

11 Article - Tax - Property

12 Section 7-104 and 7-202

- 13 Annotated Code of Maryland
- 14 (1994 Replacement Volume and 1997 Supplement)

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

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Article - Tax - Property

4 7-104.

5 (a) Except as provided in subsection (c) of this section and in [§ 7-215] §§ 6 7-202 AND 7-215 of this title, property tax on wholly exempt property shall be abated 7 for the taxable year that follows the date on which the property became exempt.

8 (b) If an owner of property subject to an exemption on June 30 files an 9 application for abatement on or before the following September 1 with the 10 Department or the supervisor, the tax is abated for the taxable year.

11 (c) If property that is exempt from property tax is transferred to a person 12 whose use of the property qualifies the property for an exemption from the date of 13 transfer, then the property tax shall be abated from that date.

14 7-202.

15	(a)	In this section:			
16		(1)	"fraterr	nal organization" means any organization that:	
17 18 ber	neficiario	es;	(i)	is conducted solely for the benefit of its members and its	
19			(ii)	is operated on a lodge system with a ritualistic activity; and	
20			(iii)	has a representative form of government;	
21		(2)	"fraterr	nal organization" includes a sororal organization; and	
22		(3)	"fraterr	nal organization" does not include:	
23			(i)	any college or high school fraternity or sorority; or	
 24 (ii) any other fraternal or sororal organization the membership of 25 which is restricted wholly or largely to students or graduates of an educational 26 institution or a professional school. 					
27 (b) (1) Except as provided in subsection (c) of this section, property is not 28 subject to property tax if the property:					

29 (i) is necessary for and actually used exclusively for a charitable or
30 educational purpose to promote the general welfare of the people of the State,
31 including an activity or an athletic program of an educational institution; and

32 (ii) is owned by:

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1	1.	a nonprofit hospital;				
2 3 organization including:	2.	a nonprofit charitable, fraternal, educational, or literary				
4 5 Education Article; and	A.	a public library that is authorized under Title 23 of the				
6 7 nonstock club;	B.	a men's or women's club that is a nonpolitical and				
 8 3. a corporation or trustee that holds the property for the sole 9 benefit of an organization that qualifies for an exemption under this section; or 						
10	4.	a nonprofit housing corporation.				
11 (2) The exemption under paragraph (1)(ii)1. of this subsection includes 12 any personal property initially leased by a nonprofit hospital for more than 1 year 13 under a lease that is noncancellable except for cause.						
14 (c) (1) Except for a nonprofit hospital, not more than 100 acres of real 15 property owned by an exempt organization and appurtenant to the premises of the 16 exempt organization is exempt from property tax, if the property is located outside of 17 a municipal corporation or Baltimore City.						
18 (2) Not more than 100 acres of real property of a nonprofit hospital that 19 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 <u>THAT IS TRANSFERRED TO A NONPROFIT CHARITABLE ORGANIZATION</u> THAT IS TRANSFERRED TO A NONPROFIT CHARITABLE ORGANIZATION QUALIFIED UNDER § 501(C)(3) OF THE INTERNAL REVENUE CODE AND THAT BECOMES EXEMPT UNDER THIS SECTION IS ABATED FROM THE DATE DURING THE TAXABLE YEAR WHEN THE INSTRUMENT TRANSFERRING TITLE TO THE ORGANIZATION IS RECORDED <u>IF THE PROPERTY:</u> 						
28 <u>(I)</u> 29 <u>CHARITABLE ORGANIZ</u> 30 <u>REVENUE CODE:</u>		ROPERTY IS TRANSFERRED TO A NONPROFIT UALIFIED UNDER § 501(C)(3) OF THE INTERNAL				
31 <u>(II)</u>	<u>THE P</u>	ROPERTY BECOMES EXEMPT UNDER THIS SECTION; AND				
	EPARTN	ROPERTY HAS A VALUE LESS THAN \$300,000 AS LISTED IN MENT ON THE DATE WHEN THE INSTRUMENT DRGANIZATION IS RECORDED; AND				
35 <u>(IV)</u> 36 <u>DEPARTMENT EVIDENCE</u> 37 <u>AT THE PROPERTY SETTL</u>	OF THE	ONPROFIT CHARITABLE ORGANIZATION PROVIDES THE PROPERTY TAX IT ACTUALLY PAID OR REIMBURSED				

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(2) IF AT SETTLEMENT THE TRANSFEREE REIMBURSES THE

2 TRANSFEROR FOR ANY PROPERTY TAX PAID FOR THE REMAINDER OF THE TAXABLE

3 YEAR AFTER THE DATE THAT THE INSTRUMENT TRANSFERRING TITLE IS RECORDED,

4 THE TRANSFEREE IS ENTITLED TO A REFUND UNDER §§ 14-904 AND 14-905 OF THIS

5 ARTICLE FOR THE AMOUNT PAID AS REIMBURSEMENT.

6(2)THE AMOUNT OF PROPERTY TAX ABATED UNDER THIS SUBSECTION7MAY NOT EXCEED THE AMOUNT OF PROPERTY TAX ACTUALLY PAID OR REIMBURSED8BY AN ELIGIBLE ORGANIZATION AT THE PROPERTY SETTLEMENT.

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect

10 July 1, 1998 and shall be applicable to all taxable years beginning after June 30,

11 1998.

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