

SENATE BILL 148

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1998 Regular Session
8r0503
CF 8r0707

By: **Senators Hogan, Ruben, Van Hollen, and Collins**
Introduced and read first time: January 23, 1998
Assigned to: Budget and Taxation

Committee Report: Favorable with amendments
Senate action: Adopted
Read second time: March 25, 1998

CHAPTER _____

1 AN ACT concerning

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

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

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

17 **Article - Tax - Property**

18 7-104.

19 (a) Except as provided in subsection (c) of this section and in [§ 7-215] §§
20 7-202 AND 7-215 of this title, property tax on wholly exempt property shall be abated
21 for the taxable year that follows the date on which the property became exempt.

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

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

7 7-202.

8 (a) In this section:

9 (1) "fraternal organization" means any organization that:

10 (i) is conducted solely for the benefit of its members and its
11 beneficiaries;

12 (ii) is operated on a lodge system with a ritualistic activity; and

13 (iii) has a representative form of government;

14 (2) "fraternal organization" includes a sororal organization; and

15 (3) "fraternal organization" does not include:

16 (i) any college or high school fraternity or sorority; or

17 (ii) any other fraternal or sororal organization the membership of
18 which is restricted wholly or largely to students or graduates of an educational
19 institution or a professional school.

20 (b) (1) Except as provided in subsection (c) of this section, property is not
21 subject to property tax if the property:

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

25 (ii) is owned by:

26 1. a nonprofit hospital;

27 2. a nonprofit charitable, fraternal, educational, or literary
28 organization including:

29 A. a public library that is authorized under Title 23 of the
30 Education Article; and

31 B. a men's or women's club that is a nonpolitical and
32 nonstock club;

1 3. a corporation or trustee that holds the property for the sole
2 benefit of an organization that qualifies for an exemption under this section; or

3 4. a nonprofit housing corporation.

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

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

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

13 (D) (1) NOTWITHSTANDING § 7-104 OF THIS TITLE AND AFTER FILING THE
14 APPLICATION PROVIDED BY § 7-103 OF THIS TITLE, PROPERTY TAX ON ANY
15 PROPERTY ~~THAT IS TRANSFERRED TO A NONPROFIT CHARITABLE ORGANIZATION~~
16 ~~QUALIFIED UNDER § 501(C)(3) OF THE INTERNAL REVENUE CODE AND THAT~~
17 ~~BECOMES EXEMPT UNDER THIS SECTION IS ABATED FROM THE DATE DURING THE~~
18 TAXABLE YEAR WHEN THE INSTRUMENT TRANSFERRING TITLE TO THE
19 ORGANIZATION IS RECORDED IF THE PROPERTY:

20 (I) IS TRANSFERRED TO A NONPROFIT CHARITABLE
21 ORGANIZATION QUALIFIED UNDER § 501(C)(3) OF THE INTERNAL REVENUE CODE;

22 (II) BECOMES EXEMPT UNDER THIS SECTION; AND

23 (III) HAS A VALUE LESS THAN \$300,000 AS LISTED IN THE RECORDS
24 OF THE DEPARTMENT ON THE DATE WHEN THE INSTRUMENT TRANSFERRING TITLE
25 TO THE ORGANIZATION IS RECORDED.

26 (2) IF AT SETTLEMENT THE TRANSFEREE REIMBURSES THE
27 TRANSFEROR FOR ANY PROPERTY TAX PAID FOR THE REMAINDER OF THE TAXABLE
28 YEAR AFTER THE DATE THAT THE INSTRUMENT TRANSFERRING TITLE IS RECORDED,
29 THE TRANSFEREE IS ENTITLED TO A REFUND UNDER §§ 14-904 AND 14-905 OF THIS
30 ARTICLE FOR THE AMOUNT PAID AS REIMBURSEMENT.

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
32 July 1, 1998 and shall be applicable to all taxable years beginning after June 30,
33 1998.

