

(PRE-FILED)

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

Requested: October 26, 2000

Introduced and read first time: January 10, 2001

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Property Tax - Full Value Assessments**

3 FOR the purpose of clarifying and correcting certain laws relating to the assessment
4 and taxation of property as a result of the transition to full value assessments;
5 correcting a limit on debt to reflect the changes in computation of assessments;
6 altering certain information required to be included in assessment records;
7 clarifying the authority of municipal governing bodies to set property tax rates;
8 confirming the reassessment of certain land subject to forest conservation
9 management agreements; altering a provision concerning the calculation of the
10 recordation tax on certain leased property; altering a provision concerning the
11 calculation of the transfer tax on certain leased property; repealing certain
12 obsolete provisions; providing for the applicability of this Act; and generally
13 relating to full value property assessments.

14 BY repealing and reenacting, with amendments,
15 Article 25A - Chartered Counties of Maryland
16 Section 5(P)(1)(i)
17 Annotated Code of Maryland
18 (1998 Replacement Volume and 2000 Supplement)
19 (As enacted by Chapter 80 of the Acts of the General Assembly of 2000)

20 BY repealing and reenacting, without amendments,
21 Article - Tax - Property
22 Section 2-211(a)
23 Annotated Code of Maryland
24 (1994 Replacement Volume and 2000 Supplement)

25 BY repealing and reenacting, with amendments,
26 Article - Tax - Property
27 Section 2-211(b), 6-303, 8-201, 8-213, 8-233, 12-105(d), and 13-205(b)
28 Annotated Code of Maryland

1 (1994 Replacement Volume and 2000 Supplement)

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

4 **Article 25A - Chartered Counties of Maryland**

5 5.

6 The following enumerated express powers are granted to and conferred upon
7 any county or counties which hereafter form a charter under the provisions of Article
8 XI-A of the Constitution, that is to say:

9 (P)

10 (1) To provide for the borrowing of moneys on the faith and credit of the county
11 and for the issuance of bonds or other evidences of indebtedness therefor in such
12 sums, for such purposes, on such terms and payable at such times, and from such
13 taxes or other sources as may have been or may be provided by or pursuant to local
14 law, subject to any limitations imposed by the charter adopted by the county and to
15 the following limitations:

16 (i) The aggregate amount of bonds and other evidences of indebtedness
17 outstanding at any one time shall not exceed a total of 6 percent of the assessable
18 basis of real property of the county and 15 percent of the county's assessable basis of
19 personal property and operating real property described in § 8-109(c) of the Tax -
20 Property Article of the county, except that (a) tax anticipation notes or other evidences
21 of indebtedness having a maturity not in excess of 12 months, (b) bonds or other
22 evidences of indebtedness issued or guaranteed by the county payable primarily or
23 exclusively from taxes levied in or on, or other revenues of, special taxing areas or
24 districts heretofore or hereafter established by law, and (c) bonds or other evidences of
25 indebtedness issued for self-liquidating and other projects payable primarily or
26 exclusively from the proceeds of assessments or charges for special benefits or
27 services, shall not be subject to, or be included as bonds or evidences of indebtedness
28 in computing or applying, the [6 percent limitation] LIMITATIONS ESTABLISHED IN
29 THIS SECTION.

30 **Article - Tax - Property**

31 2-211.

32 (a) (1) Each supervisor shall keep a record of all real property assessments
33 in the county.

34 (2) The record shall be arranged alphabetically, according to owners, by
35 election district or subdistrict, taxing district, or assessment area. However, the
36 supervisor may arrange the record:

1 (i) listing the real properties in lot and block order by subdivisions,
2 if the record also contains an alphabetical index that shows the page where the
3 accounts listed may be located;

4 (ii) in Baltimore City, by wards and by blocks that correspond, as
5 far as possible, to the block numbers used in the Baltimore City Circuit Court records;
6 or

7 (iii) in an electronic medium.

8 (b) (1) Each account in the record shall show for the real property:

9 (i) the name and address of the owner;

10 (ii) a brief description of the property;

11 (iii) the specific location of the property;

12 (iv) the general location of the property including a deed or will
13 reference and any tax map reference; AND

14 (v) the assessment of:

15 1. the land; and

16 2. any improvement on the land [; and

17 (vi) the total value of:

18 1. the land; and

19 2. any improvement on the land].

20 (2) The details of land and improvements on the land that have been
21 valued at different amounts shall be recorded on the respective worksheet or card.

22 6-303.

23 (a) (1) Except as provided in paragraph (2) of this subsection [and § 6-305
24 of this subtitle], in each year after the date of finality and before the following July 1,
25 the governing body of each municipal corporation annually shall set the tax rate for
26 the next taxable year on all assessments of property subject to municipal corporation
27 property tax.

28 (2) If not otherwise prohibited by this article, the governing body of a
29 municipal corporation may set special rates for any class of property that is subject to
30 the municipal corporation property tax.

31 (b) The governing body of a municipal corporation may change a property tax
32 rate that is fixed in its charter if:

1 (1) the rate causes a loss of revenue because of exemption of property
2 that is subject to the tax rate; or

3 (2) a loss of revenue is caused by any special rate of municipal
4 corporation property tax.

5 (c) (1) [Except as provided in subsection (a)(2) of this section and § 6-305 of
6 this subtitle] UNLESS OTHERWISE PROVIDED BY THE GOVERNING BODY OF THE
7 MUNICIPAL CORPORATION:

8 (i) there shall be a single municipal corporation property tax rate
9 for all real property subject to municipal corporation property tax except for operating
10 real property described in § 8-109(c) of this article; and

11 (ii) the municipal tax rate applicable to personal property and the
12 operating real property described in § 8-109(c) of this article for taxable years
13 beginning after June 30, 2001 shall be 2.5 times the rate for real property.

14 (2) Paragraph (1) of this subsection does not affect a special rate
15 prevailing in a taxing district or part of a municipal corporation.

16 8-201.

17 The Department shall assess:

18 (1) operating property [, except land,] of a railroad or a public utility;

19 (2) business tangible personal property that is subject to property tax;
20 and

21 (3) distilled spirits, as set forth in § 8-112 of this title.

22 8-213.

23 (a) In this section, "agreement" means an agreement made under subsection
24 (b) of this section.

25 (b) The Department may make agreements with country clubs that specify the
26 manner of assessing the land of a country club. All agreements shall contain uniform
27 provisions.

28 (c) (1) Except as provided in paragraph (2) of this subsection, the land of a
29 country club that is actively used as a country club that meets the requirements of §
30 8-212 of this subtitle shall be valued on the basis of that use [under § 8-104 of this
31 title] and may not be valued on the basis of any other use.

32 (2) If the land of a country club that meets the requirements of § 8-212 of
33 this subtitle has a greater value than its value when used as a country club, the land
34 shall also be assessed on the basis of the greater value.

1 (3) Except as provided under § 8-216 of this subtitle, the property tax
2 payable by a country club under this section is based on the assessment of the land
3 under paragraph (1) of this subsection.

4 (4) If an assessment is made on the greater value under paragraph (2) of
5 this subsection, the assessment records for the country club shall record the
6 assessment under paragraphs (1) and (2) of this subsection.

7 (5) [The valuation of the land of a country club that is subject to an
8 agreement under this section is adjusted as provided by § 8-103(c)(2) of this title.]
9 Any assessment of the land of a country club under this section is effective on the date
10 of finality next following the date of an agreement.

11 (d) (1) An agreement shall be for at least 10 consecutive years or for a longer
12 period as determined by the country club and the Department.

13 (2) An agreement may be extended, but only in increments of at least 5
14 years.

15 8-233.

16 (a) In this section, "change" includes an improvement or an addition.

17 (b) Subject to the provisions of this section, a change to a building may not be
18 assessed to the owner of the building for the period of time that a resident of the
19 building with a health or medical condition occupies the building if:

20 (1) the building is used as a dwelling; and

21 (2) the change to the building is required for the health or medical
22 condition of the resident of the building.

23 (c) The owner of the building shall submit to the supervisor:

24 (1) a statement from a licensed physician showing sufficient evidence of
25 medical necessity or a substantial physical inconvenience of the resident; and

26 (2) annually an affirmation that the resident lives in the building.

27 (d) The assessment of the changes exempted under this section may not
28 exceed [4%] 10% of the total assessment of the real property on which the building is
29 located.

30 (e) The Department shall adopt regulations to provide:

31 (1) Criteria to determine what is sufficient evidence of a health or
32 medical condition;

33 (2) The form of the annual affirmation of residence; and

1 (3) Criteria to determine what changes are required for the health or
2 medical condition.

3 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
4 read as follows:

5 **Article - Tax - Property**

6 12-105.

7 (d) For a lease of real property for a term of more than 7 years not perpetually
8 renewable, the recordation tax applies to:

9 (1) the average annual rent over the term of the lease, including
10 renewals, capitalized at 10% plus any additional consideration payable, other than
11 rent; or

12 (2) if the average annual rent cannot be determined, the greater of:

13 (i) 105% of the minimum average annual rent as determined by
14 the lease, capitalized at 10% plus any additional consideration payable, other than
15 rent; or

16 (ii) [150%] 60% of the assessment of the real property subject to
17 lease.

18 13-205.

19 (b) Except as provided in § 13-207(a)(14) of this subtitle, for a lease of real
20 property for a term of years not perpetually renewable, the transfer tax applies to:

21 (1) the average annual rent over the term of the lease, including
22 renewals, capitalized at 10% plus any additional consideration payable, other than
23 rent; or

24 (2) if the average annual rent cannot be determined, the greater of:

25 (i) 105% of the minimum average annual rent, as determined by
26 the lease, capitalized at 10%, plus any additional consideration payable, other than
27 rent; or

28 (ii) [150%] 60% of the assessment of the real property subject to
29 lease.

30 SECTION 3. AND BE IT FURTHER ENACTED, That, notwithstanding §
31 8-211(h) of the Tax - Property Article, land subject to a forest conservation
32 management agreement that receives an agricultural use assessment shall be
33 reassessed pursuant to Section 12 of Chapter 80 of the Acts of 2000.

1 SECTION 4. AND BE IT FURTHER ENACTED, That Section 1 and 3 of this Act
2 shall take effect June 1, 2001, and shall be applicable to all taxable years beginning
3 after June 30, 2001.

4 SECTION 5. AND BE IT FURTHER ENACTED, That, except as provided in
5 Section 4 of this Act, this Act shall take effect July 1, 2001.