
By: **Delegates Gordon, Hammen, McHale, and Paige**
Introduced and read first time: February 13, 2004
Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Land Value and Incentive Taxation Act**

3 FOR the purpose of establishing separate classes in real property for land and
4 improvements to land; requiring the Mayor and City Council of Baltimore City
5 and the governing body of each county to set the tax rates by a certain date for
6 the next taxable year for land, improvements to the land, and personal property;
7 requiring that the county tax rate for land be greater than the rates set for
8 improvements to the land and personal property; authorizing the Mayor and
9 City Council of Baltimore City or the governing body of a county to set a tax rate
10 of zero for improvements to the land and personal property; prohibiting the
11 Mayor and City Council of Baltimore City and the governing body of a county
12 from setting different tax rates for subclasses of property within certain classes
13 of property; requiring that a county tax rate applicable to certain land used as
14 operating property shall be a certain amount greater than the tax rate for land
15 for certain taxable years; requiring that a county tax rate applicable to certain
16 improvements to the land of operating property shall be a certain amount
17 greater than the tax rate for improvements to land for certain taxable years;
18 requiring that a county tax rate applicable to certain operating personal
19 property shall be a certain amount greater than the tax rate for improvements
20 to land for certain taxable years; requiring that all improvements to land are
21 exempt from the State property tax; requiring the Board of Public Works to
22 certify a zero rate of State taxation on improvements to land, effective on the
23 repayment of certain State bonds; creating a new class of property for
24 improvements to land; repealing certain obsolete provisions of law; and
25 generally relating to establishing separate classes in real property for land and
26 improvements to land.

27 BY repealing and reenacting, with amendments,
28 Article - State Finance and Procurement
29 Section 8-134
30 Annotated Code of Maryland
31 (2001 Replacement Volume and 2003 Supplement)

32 BY repealing and reenacting, with amendments,
33 Article - Tax - Property

1 Section 6-301, 6-302, 7-301, and 8-101
2 Annotated Code of Maryland
3 (2001 Replacement Volume and 2003 Supplement)

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

6 **Article - State Finance and Procurement**

7 8-134.

8 (a) (1) Subject to the provisions of subsection (b) of this section, on or before
9 May 1 of each year, the Board shall certify to the governing body of each county the
10 rates of State tax on assessable property needed to meet the debt service
11 requirements during the next taxable year on all the State bonds that the Board
12 anticipates will be outstanding during that year.

13 (2) FOR PROPERTY THAT IS DESCRIBED IN § 7-301(B) OF THE TAX -
14 PROPERTY ARTICLE, THE BOARD SHALL CERTIFY A RATE OF \$0 PER \$100 OF
15 ASSESSMENT.

16 [(2)] (3) Each governing body immediately shall collect the tax at the
17 rates the Board certifies under this section.

18 (b) If, on or before May 1 of any year, the Comptroller certifies to the Board
19 that the General Assembly has appropriated enough money to meet the debt service
20 requirements during the next taxable year on an issue of State bonds:

21 (1) the Board, by resolution, may determine that the tax otherwise
22 required by the enabling act under which those State bonds are issued need not be
23 imposed for that year; and

24 (2) the Governor, by proclamation issued under the resolution, shall
25 declare that the taxes otherwise required by the enabling act may not be collected
26 during that year.

27 **Article - Tax - Property**

28 6-301.

29 [(a) Except as provided in subsection (b) of this section, the] THE Board of
30 Public Works annually shall set the rates for State property tax for the next taxable
31 year as authorized by the General Assembly.

32 [(b) (1) Intangible personal property is subject to State property tax as
33 otherwise provided in this title at the rate set annually by the Board of Public Works
34 under subsection (a) of this section, if:

35 (i) the intangible personal property has paid interest or dividends
36 during the 12 months that precede the date of finality;

1 (ii) interest or dividends were withheld on the intangible personal
2 property during the 12 months that precede the date of finality to avoid the tax under
3 this subsection;

4 (iii) the intangible personal property consists of newly issued bonds,
5 certificates of indebtedness, or evidences of debt on which interest is not in default; or

6 (iv) a stock dividend has been declared on the intangible personal
7 property during the 12 months that precede the date of finality.

8 (2) The State property tax rate for the intangible personal property may
9 not exceed 15 cents for each \$100 of an assessment.]

10 6-302.

11 (a) Except as otherwise provided in this section and after complying with §
12 6-305 of this subtitle, in each year after the date of finality and before the following
13 July 1, the Mayor and City Council of Baltimore City or the governing body of each
14 county annually shall set the tax [rate] RATES for the next taxable year [on all
15 assessments] FOR EACH OF THE FOLLOWING CLASSES of property subject to that
16 county's property tax:

17 (1) LAND;

18 (2) IMPROVEMENTS TO LAND; AND

19 (3) PERSONAL PROPERTY.

20 [(b) (1) Except as provided in subsection (c) of this section, §§ 6-305 and
21 6-306 of this subtitle and § 6-203 of this title:

22 (i) there shall be a single county property tax rate for all real
23 property subject to county property tax except for operating real property described in
24 § 8-109(c) of this article; and

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

28 (2) Paragraph (1) of this subsection does not affect a special rate
29 prevailing in a taxing district or part of a county.

30 (c) (1) Intangible personal property is subject to county property tax as
31 otherwise provided in this title at a rate set annually, if:

32 (i) the intangible personal property has paid interest or dividends
33 during the 12 months that precede the date of finality;

34 (ii) interest or dividends were withheld on the intangible personal
35 property during the 12 months that precede the date of finality to avoid the tax under
36 this subsection;

1 (iii) the intangible personal property consists of newly issued bonds,
2 certificates of indebtedness, or evidences of debt on which interest is not in default; or

3 (iv) a stock dividend has been declared on the intangible personal
4 property during the 12 months that precede the date of finality.

5 (2) The county tax rate for the intangible personal property is 30 cents
6 for each \$100 of assessment.]

7 (B) (1) THE TAX RATE FOR LAND SHALL BE GREATER THAN THE RATES SET
8 FOR IMPROVEMENTS TO LAND AND PERSONAL PROPERTY.

9 (2) THE MAYOR AND THE CITY COUNCIL OF BALTIMORE CITY OR THE
10 GOVERNING BODY OF EACH COUNTY MAY SET AN ANNUAL TAX RATE OF ZERO FOR
11 IMPROVEMENTS TO LAND AND PERSONAL PROPERTY.

12 (C) EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION, §§ 6-305 AND
13 6-306 OF THIS SUBTITLE, AND § 6-203 OF THIS TITLE, THE MAYOR AND THE CITY
14 COUNCIL OF BALTIMORE CITY OR THE GOVERNING BODY OF EACH COUNTY MAY NOT
15 SET DIFFERENT TAX RATES FOR SUBCLASSES OF PROPERTY WITHIN EACH CLASS OF
16 PROPERTY IDENTIFIED IN SUBSECTION (A) OF THIS SECTION AND § 8-101 OF THIS
17 ARTICLE, EXCEPT FOR OPERATING PROPERTY AND THE SUBCLASSES OF LAND
18 IDENTIFIED IN § 8-101(A)(1), (2), (3), (5), AND (6) OF THIS ARTICLE.

19 (D) (1) THE COUNTY TAX RATE APPLICABLE TO LAND USED AS OPERATING
20 PROPERTY DESCRIBED IN § 8-109(C) OF THIS ARTICLE FOR ALL TAXABLE YEARS
21 BEGINNING AFTER JUNE 30, 2001 SHALL BE 2.5 TIMES THE RATE FOR LAND.

22 (2) THE COUNTY TAX RATE APPLICABLE TO THE IMPROVEMENTS TO
23 LAND OF OPERATING PROPERTY DESCRIBED IN § 8-109(C) OF THIS ARTICLE FOR ALL
24 TAXABLE YEARS BEGINNING AFTER JUNE 30, 2001 SHALL BE 2.5 TIMES THE RATE FOR
25 IMPROVEMENTS TO LAND.

26 (3) THE COUNTY TAX RATE APPLICABLE TO OPERATING PERSONAL
27 PROPERTY DESCRIBED IN § 8-109(C) OF THIS ARTICLE FOR TAXABLE YEARS
28 BEGINNING AFTER JUNE 30, 2001 SHALL BE 2.5 TIMES THE RATE FOR IMPROVEMENTS
29 TO LAND.

30 7-301.

31 (A) All personal property is exempt from the State property tax.

32 (B) (1) ALL IMPROVEMENTS TO LAND ARE EXEMPT FROM THE STATE
33 PROPERTY TAX EFFECTIVE ON THE REPAYMENT OF ALL STATE BONDS THAT ARE
34 OUTSTANDING OR AUTHORIZED ON OR BEFORE JULY 30, 2004, AND TO WHICH A
35 STATE PROPERTY TAX ON ASSESSED PROPERTY IS PLEDGED.

36 (2) THE STATE PROPERTY TAX RATE FOR IMPROVEMENTS TO LAND
37 SHALL BE SET AS PROVIDED UNDER § 8-134 OF THE STATE FINANCE AND
38 PROCUREMENT ARTICLE.

1 8-101.

2 (a) For assessment purposes, property shall be divided into classes and
3 subclasses.

4 (b) Real property is a class of property and is divided into the following
5 subclasses:

6 (1) land that is actively devoted to farm or agricultural use, assessed
7 under § 8-209 of this title;

8 (2) marshland, assessed under § 8-210 of this title;

9 (3) woodland, assessed under § 8-211 of this title;

10 (4) land of a country club or golf course, assessed under §§ 8-212 through
11 8-217 of this title;

12 (5) land that is used for a planned development, assessed under §§ 8-220
13 through 8-225 of this title;

14 (6) rezoned real property that is used for residential purposes, assessed
15 under §§ 8-226 through 8-228 of this title;

16 (7) LAND THAT IS USED AS operating real property of a railroad;

17 (8) LAND THAT IS USED AS operating real property of a public utility; and

18 (9) all other real property that is directed by this article to be assessed.

19 (C) IMPROVEMENTS TO LAND IS A CLASS OF PROPERTY AND IS DIVIDED INTO
20 THE FOLLOWING SUBCLASSES:

21 (1) IMPROVEMENTS TO LAND THAT IS USED AS OPERATING PROPERTY
22 OF A RAILROAD;

23 (2) IMPROVEMENTS TO LAND THAT IS USED AS OPERATING PROPERTY
24 OF A PUBLIC UTILITY; OR

25 (3) ALL OTHER IMPROVEMENTS TO LAND THAT ARE DIRECTED BY THIS
26 ARTICLE TO BE ASSESSED.

27 [(c)] (D) Personal property is a class of property and is divided into the
28 following subclasses:

29 (1) stock in business;

30 (2) distilled spirits;

31 (3) operating personal property of a railroad;

1 (4) operating personal property of a public utility that is machinery or
2 equipment used to generate electricity or steam for sale;

3 (5) all other operating personal property of a public utility;

4 (6) machinery and equipment, other than operating personal property of
5 a public utility, that is used to generate:

6 (i) electricity or steam for sale; or

7 (ii) hot or chilled water for sale that is used to heat or cool a
8 building; and

9 (7) all other personal property that is directed by this article to be
10 assessed.

11 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
12 July 1, 2004.