
By: **Delegates Gordon, V. Clagett, C. Davis, Feldman, Goldwater, Healey,
Howard, Hubbard, James, Kaiser, King, Madaleno, Marriott, and
Vaughn**

Introduced and read first time: February 10, 2005

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Land Value Taxation - State Property Tax**

3 FOR the purpose of establishing separate classes for property tax purposes for land
4 and improvements to land; establishing a new subclass of land for land that is
5 used a principal place of residence; exempting improvements to land from the
6 State property tax, with certain exceptions; exempting from the State property
7 tax certain portions of the value of agricultural land and land used as a principal
8 place of residence; repealing certain obsolete provisions of law; providing for the
9 application of this Act; and generally relating to establishing separate classes for
10 property tax purposes for land and improvements to land and exempting
11 improvements to land from the State property tax.

12 BY repealing and reenacting, with amendments,
13 Article - Tax - Property
14 Section 6-301, 7-301, and 8-101
15 Annotated Code of Maryland
16 (2001 Replacement Volume and 2004 Supplement)

17 **Preamble**

18 WHEREAS, Article 15 of the Maryland Declaration of Rights recognizes that
19 there are different classes of property which may be taxed - namely land,
20 improvements to land, and personal property; and
21 WHEREAS, What is taxed is as important as how much is taxed; and
22 WHEREAS, Home ownership and agricultural use of land should be promoted;
23 and
24 WHEREAS, Land value is created by society and community, by appropriate
25 and salubrious governmental activities, and by the natural qualities of the land, and
26 therefore may be justly taxed for use for the common good; now, therefore,

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

3 **Article - Tax - Property**

4 6-301.

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

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

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

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

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

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

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

22 7-301.

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

24 (B) ALL IMPROVEMENTS TO LAND, EXCEPT FOR IMPROVEMENTS THAT ARE
25 PART OF OPERATING REAL PROPERTY AS DESCRIBED IN § 8-109(B) OF THIS ARTICLE,
26 ARE EXEMPT FROM THE STATE PROPERTY TAX.

27 (C) THE FIRST \$15,000 OF LAND VALUE FOR AGRICULTURAL LAND, AS
28 DESCRIBED IN § 8-101(B)(1) OF THIS ARTICLE, IS EXEMPT FROM THE STATE PROPERTY
29 TAX.

30 (D) THE FIRST \$40,000 OF LAND VALUE FOR LAND USED AS A PRINCIPAL
31 PLACE OF RESIDENCE, AS DESCRIBED IN § 8-101(B)(7) OF THIS ARTICLE, IS EXEMPT
32 FROM THE STATE PROPERTY TAX.

1 8-101.

2 (a) [For] CONSISTENT WITH ARTICLE 15 OF THE MARYLAND DECLARATION
3 OF RIGHTS, FOR assessment purposes, property shall be divided into classes and
4 subclasses.

5 (b) [Real property] LAND is a class of property and is divided into the
6 following subclasses:

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

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

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

11 (4) land of a country club or golf course, assessed under §§ 8-212 through
12 8-217 of this title;

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

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

17 (7) LAND THAT IS USED AS A PRINCIPAL PLACE OF RESIDENCE;

18 [(7)] (8) LAND THAT IS USED AS operating real property of a railroad;

19 [(8)] (9) LAND THAT IS USED AS operating real property of a public
20 utility; and

21 [(9)] (10) all other [real property] LAND that is directed by this article to
22 be assessed.

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

25 (1) IMPROVEMENTS TO LAND THAT ARE USED AS OPERATING PROPERTY
26 OF A RAILROAD;

27 (2) IMPROVEMENTS TO LAND THAT ARE USED AS OPERATING PROPERTY
28 OF A PUBLIC UTILITY; AND

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

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

33 (1) stock in business;

- 1 (2) distilled spirits;
- 2 (3) operating personal property of a railroad;
- 3 (4) operating personal property of a public utility that is machinery or
4 equipment used to generate electricity or steam for sale;
- 5 (5) all other operating personal property of a public utility;
- 6 (6) machinery and equipment, other than operating personal property of
7 a public utility, that is used to generate:
- 8 (i) electricity or steam for sale; or
- 9 (ii) hot or chilled water for sale that is used to heat or cool a
10 building; and
- 11 (7) all other personal property that is directed by this article to be
12 assessed.

13 (E) NOTHING IN THIS SECTION SHALL PREVENT LAND, IMPROVEMENTS TO
14 LAND, AND PERSONAL PROPERTY FROM BEING TAXED AT DIFFERENT RATES FOR
15 COUNTY.

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
17 October 1, 2005, and shall be applicable to all taxable years beginning after June 30,
18 2006.