
By: **Senators Kramer, Brinkley, Currie, DeGrange, Forehand, Garagiola,
Gladden, Hogan, Jones, Kasemeyer, Lawlah, McFadden, Munson, and
Ruben**

Introduced and read first time: January 17, 2005
Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Property Tax - Valuation - Affordable Housing**

3 FOR the purpose of requiring a supervisor valuing certain commercial real property
4 financed by a federal or state affordable housing program to consider the impact
5 of certain rent restrictions, certain affordability requirements, or certain related
6 restrictions required by certain federal or state programs; prohibiting a
7 supervisor from valuing certain commercial real property financed by a federal
8 or state affordable housing program from considering certain federal income tax
9 credits as income attributable to certain commercial real property and from
10 considering certain replacement cost of certain commercial real property; and
11 generally relating to the valuation of certain commercial real property used as
12 affordable housing.

13 BY repealing and reenacting, with amendments,
14 Article - Tax - Property
15 Section 8-105
16 Annotated Code of Maryland
17 (2001 Replacement Volume and 2004 Supplement)

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

20 **Article - Tax - Property**

21 8-105.

22 (a) (1) Except for land that is actively devoted to farm or agricultural use,
23 the supervisor:

24 (i) may value income producing real property by using the
25 capitalization of income method or any other appropriate method of valuing the real
26 property; and

1 (ii) shall consider an income method in valuing income producing
2 commercial real property.

3 (2) For income producing single-family residential real property, the
4 supervisor may value the property by using the same methods that are used for
5 single-family residential real property that is owner-occupied.

6 (3) IN DETERMINING THE VALUE OF COMMERCIAL REAL PROPERTY
7 FINANCED BY A FEDERAL OR STATE AFFORDABLE HOUSING PROGRAM, THE
8 SUPERVISOR:

9 (I) SHALL CONSIDER THE IMPACT OF APPLICABLE RENT
10 RESTRICTIONS, AFFORDABILITY REQUIREMENTS, OR ANY OTHER RELATED
11 RESTRICTIONS REQUIRED BY THE FEDERAL OR STATE PROGRAMS; AND

12 (II) MAY NOT CONSIDER:

13 1. INCOME TAX CREDITS UNDER § 42 OF THE INTERNAL
14 REVENUE CODE AS INCOME ATTRIBUTABLE TO THE REAL PROPERTY; OR

15 2. THE REPLACEMENT COST OF THE REAL PROPERTY.

16 (b) (1) The supervisor shall notify each owner of income producing real
17 property to submit, under oath, on or before May 15 of each year, a current:

18 (i) income and expense statement for the real property, on the form
19 that the Department requires; or

20 (ii) annual income and expense statement in another form that is
21 acceptable to the Department.

22 (2) For income producing real property that has a value in excess of
23 \$5,000,000 as listed on the assessment roll, the supervisor shall designate properties
24 for which the owner must provide income and expense information or be subject to a
25 penalty under subsection (e) of this section for failure to provide the information.

26 (3) For income producing real property that is designated under
27 paragraph (2) of this subsection, the supervisor shall:

28 (i) include in the notice a statement that a penalty may be
29 assessed under subsection (e) of this section if the owner of real property valued at
30 over \$5,000,000 fails to file the income and expense information required under this
31 subsection; and

32 (ii) send the notice by first class certified mail to the owner as
33 determined from the assessment rolls or the owner's registered agent.

34 (c) (1) For income producing real property that has a value in excess of
35 \$5,000,000 as listed on the assessment roll that is designated under subsection (b)(2)
36 of this section, if the income and expense statement required under subsection (b) of

1 this section is not received by May 15, the Department shall send a letter by first
2 class certified mail to the owner notifying the owner that the statement has not been
3 received and that if the statement is still not received by June 15, the penalty
4 specified in subsection (e) of this section will be assessed.

5 (2) For property other than the property described in paragraph (1) of
6 this subsection, upon request, an extension of up to 30 days may be granted by the
7 supervisor for the filing required by subsection (b) of this section.

8 (d) The supervisor is not required to accept the expenses or depreciation
9 claimed by the owner and may use other methods to determine these amounts.

10 (e) (1) This subsection applies only to income producing real property that
11 has a value in excess of \$5,000,000 as listed on the assessment roll that is designated
12 under subsection (b)(2) of this section.

13 (2) If an owner of income producing real property fails to submit income
14 and expense information as required by subsection (b) of this section, by June 15, the
15 supervisor shall assess on the owner of the real property a penalty of \$100 per day up
16 to a maximum equal to 0.1% of the value of the property listed on the assessment roll.

17 (3) The supervisor shall notify the collector of the county in which the
18 property is located of assessment of a penalty.

19 (4) The collector shall collect the penalty imposed under this subsection
20 and shall remit the penalty to the State Comptroller.

21 (5) The penalty imposed under this subsection may be waived by the
22 supervisor for good cause.

23 (6) If the penalty imposed under this subsection is a direct
24 "pass-through" to a lessee, the lessee shall have a right to recover that amount from
25 the owner.

26 (f) When requested by the supervisor for valuation purposes, an officer or
27 employee of any county or municipal corporation may provide to the supervisor the
28 amount of income or any particulars disclosed in any tax return filed with the county
29 or municipal corporation.

30 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
31 July 1, 2005.