

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

House Bill 372
Judiciary

(Delegate Aumann, *et al.*)

Estates - Use of Property Tax Assessment for Valuation of Real and Leasehold
Property - Repeal

This bill repeals a provision allowing real or leasehold property in a deceased person's estate to be valued based on the full cash value used for property tax assessment purposes. As a result, a personal representative's only option to value an estate's real or leasehold property is to apply for an appraisal by an appraiser designated by the Register of Wills. The provisions of the bill only apply prospectively and do not apply to or have an effect on an estate of a person who dies before the effective date of the bill.

Fiscal Summary

State Effect: None. The bill would not directly affect State operations or finances.

Local Effect: None.

Small Business Effect: Potential meaningful. Small businesses would experience increased costs from having to pay for an appraisal to value real estate for estate purposes. On the other hand, appraisers that are small businesses would experience increased appraisal business.

Analysis

Current Law: Specified property may be appraised by the personal representative of a deceased person's estate including corporate stocks listed on national or regional exchanges, over the counter securities, debts owed to the deceased, bank accounts, buildings, savings and loan association shares, and money. Other property in an estate

must be independently valued by an appraiser or in specified cases a generally accepted valuation method can be used. For example, motor vehicles may be valued according to the National Automobile Dealers' Association used car guide or other similar price guide designated by the Register of Wills, and real or leasehold property may be valued according to its current property tax assessment value. However a property tax assessment valuation based on the use value of the property may not be used.

Real property is valued once every three years unless specified changes to the property occur that require revaluation.

Background: The provision allowing real or leasehold property to be valued according to its current property tax assessment value was added by Chapter 693 of 1997. The Register of Wills advises that the option of using the property tax assessment value to value real or leasehold property in an estate saves an estate \$350 to \$500 for an appraisal on each piece of real estate.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Register of Wills, Department of Legislative Services

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ncs/jr

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