

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

House Bill 638

(Delegate Frush, *et al.*)

Environmental Matters

Judicial Proceedings

Residential Property - Municipalities - Authority to Establish Condominium Regimes

This bill authorizes a leasehold estate in which a municipal corporation has a reversionary interest to be subjected to a condominium regime that is to be used for residential purposes.

The bill takes effect June 1, 2006.

Fiscal Summary

State Effect: The bill would not directly affect State finances or operations.

Local Effect: It is unknown how many municipal corporations hold reversionary interests that are the subject of this bill. For any that does, and for the county in which the municipal corporation lies, tax revenues could increase to the extent residential condominiums are built and sold.

Small Business Effect: Minimal.

Analysis

Current Law: Generally, the fee simple owner or lessee under a lease that exceeds 60 years of any property in the State may subject the property to a condominium regime by recording a declaration, bylaws, and condominium plat that comply with the requirements specified in the Maryland Condominium Act. However, a leasehold estate may only be subjected to a condominium regime that is to be used for residential

purposes if the State, a charter home rule county, or under specified conditions, the Washington Metropolitan Transit Authority is the owner of the reversionary fee simple estate.

Background: Generally, a leasehold estate expires at a particular time, *e.g.*, at the end of more than 60 years. A reversionary interest is a future interest in land retained by the grantor in which at the end of the estate conveyed by the grantor, in this case, at the termination of the lease, the property reverts to the grantor.

Additional Information

Prior Introductions: An identical bill, SB 411 of 2005, passed the Senate, but received an unfavorable report from the Environmental Matters Committee.

Cross File: SB 544 (Senator Giannetti) – Judicial Proceedings.

Information Source(s): Secretary of State, Baltimore City, Department of Legislative Services

Fiscal Note History: First Reader - February 12, 2006
ncs/jr

Analysis by: T. Ryan Wilson

Direct Inquiries to:
(410) 946-5510
(301) 970-5510