

BY: Judicial Proceedings Committee

AMENDMENTS TO SENATE BILL 622

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in the sponsor line, strike “Senator Gladden” and substitute “Senators Gladden and Stone”; in line 2, strike “Limitation of Actions –”; in the same line, after the second “of” insert “Properties Subject to”; strike beginning with “providing” in line 4 down through “circumstances;” in line 6; strike beginning with the second “and” in line 7 down through “and” in line 8 and substitute “an on-line registry of”; in lines 9, 12, and 13, in each instance, strike “landlord” and substitute “ground lease holder”; in lines 9 and 13, in each instance, strike “to apply”; in line 10, strike “application” and substitute “form”; in line 15, after “circumstances;” insert “providing for certain considerations and rights if a ground lease is extinguished under certain circumstances; requiring the Department to work with the State Archives for certain purposes regarding ground leases registered under this Act;”; in line 18, after “Act;” insert “requiring the Department to publish a certain notice regarding the registration of ground leases; requiring the Department to report to the General Assembly on or before certain dates; requiring the Comptroller of the State to report to the General Assembly on or before a certain date;”; in the same line, after “terms;” insert “providing for the application of certain provisions of this Act;”; in the same line, after “to” insert “a registry of properties subject to”; in the same line, strike “rents” and substitute “leases”; and in line 21, strike “and 8–107”.

On page 2, in line 2, strike “8–709” and substitute “8–711”.

AMENDMENT NO. 2

On pages 2 through 4, strike in their entirety the lines beginning with line 28 on page 2 through line 7 on page 4, inclusive.

(Over)

AMENDMENT NO. 3

On page 4, strike in their entirety lines 14 through 24, inclusive, and substitute:

“(C) “CURRENT GROUND RENT DEED OF RECORD” MEANS THE DOCUMENT THAT VESTS TITLE TO THE REVERSIONARY INTEREST IN THE CURRENT GROUND LEASE HOLDER.

(D) “GROUND LEASE” MEANS A RESIDENTIAL LEASE OR SUBLEASE FOR A TERM OF YEARS RENEWABLE FOREVER SUBJECT TO THE PAYMENT OF A PERIODIC GROUND RENT.

(E) (1) “GROUND LEASE HOLDER” MEANS THE HOLDER OF THE REVERSIONARY INTEREST UNDER A GROUND LEASE.

(2) “GROUND LEASE HOLDER” INCLUDES:

(I) AN AGENT OF THE GROUND LEASE HOLDER; OR

(II) A COMPANY CONTRACTED BY THE GROUND LEASE HOLDER TO MANAGE GROUND LEASES.

(F) “GROUND RENT” MEANS A RENT ISSUING OUT OF, OR COLLECTIBLE IN CONNECTION WITH, THE REVERSIONARY INTEREST UNDER A GROUND LEASE.

(G) “LEASEHOLD INTEREST” MEANS THE TENANCY IN REAL PROPERTY CREATED UNDER A GROUND LEASE.

(H) “LEASEHOLD TENANT” MEANS THE HOLDER OF THE LEASEHOLD INTEREST UNDER A GROUND LEASE.”;

and after line 25, insert:

“(A) THIS SUBTITLE APPLIES TO RESIDENTIAL PROPERTY THAT WAS OR IS USED, INTENDED TO BE USED, OR AUTHORIZED TO BE USED FOR FOUR OR FEWER DWELLING UNITS.

(B) THIS SUBTITLE DOES NOT APPLY TO PROPERTY:

(1) LEASED FOR BUSINESS, COMMERCIAL, MANUFACTURING, MERCANTILE, OR INDUSTRIAL PURPOSES, OR ANY OTHER PURPOSE THAT IS NOT PRIMARILY RESIDENTIAL;

(2) IMPROVED OR TO BE IMPROVED BY ANY APARTMENT, CONDOMINIUM, COOPERATIVE, OR OTHER BUILDING FOR MULTIFAMILY USE OF GREATER THAN FOUR DWELLING UNITS; OR

(3) LEASED FOR DWELLINGS OR MOBILE HOMES THAT ARE ERECTED OR PLACED IN A MOBILE HOME DEVELOPMENT OR MOBILE HOME PARK.

8-703.”.

On page 5 in lines 5 and 14, on page 6 in lines 11 and 13, and on page 7 in lines 5, 7, 10, 11, 13, 19, 20, and 21, in each instance, strike “LANDLORD” and substitute “GROUND LEASE HOLDER”.

On page 5 in line 15, on page 6 in line 14, and on page 7 in lines 15, 18, and 21, in each instance, before “TENANT” insert “LEASEHOLD”.

On page 5, in line 4, strike “8-703.” and substitute “8-704.”.

(Over)

On page 6, in lines 3, 10, and 21, strike “8-704.”, “8-705.”, and “8-706.”, respectively, and substitute “8-705.”, “8-706.”, and “8-707.”, respectively.

On page 7, in lines 9 and 23, strike “8-707.” and “8-708.”, respectively, and substitute “8-708.” and “8-709.”, respectively; and in line 10, strike “8-706” and substitute “8-707”.

On page 2, in line 25, strike “8-707” and substitute “8-708”.

AMENDMENT NO. 4

On page 5, in line 1, before “THE” insert “(A)”; in the same line, strike “AND UPDATE REGULARLY” and substitute “AN”; in line 2, strike “REGISTRIES OF LANDLORDS AND” and substitute “REGISTRY OF”; after line 3, insert:

“(B) THE DEPARTMENT IS NOT RESPONSIBLE FOR THE COMPLETENESS OR ACCURACY OF THE CONTENTS OF THE ON-LINE REGISTRY.”;

in line 5, strike “APPLY TO”; in line 7, strike “APPLICATION ON A”; in line 9, strike “A \$20” and substitute “THE”; in the same line, strike “APPLICATION”; in line 10, after “LEASE” insert “AS PROVIDED UNDER SUBSECTION (C) OF THIS SECTION”; in line 11, strike “APPLICATION” and substitute “FORM”; in line 18, strike “DUE” and substitute “PAYMENT”; in the same line, strike “PAYMENTS FOR THE”; in line 19, after “RENT” insert “INSTALLMENTS”; in line 20, strike “A” and substitute “TO THE BEST OF THE GROUND LEASE HOLDER’S KNOWLEDGE, A”; in line 21, after “CREATED;” insert “AND”; strike line 22 in its entirety; in line 23, strike “(8)” and substitute “(7)”; and strike beginning with “LAND” in line 23 down through “AND” in line 24 and substitute “CURRENT GROUND RENT DEED OF RECORD.”.

On page 6, strike in their entirety lines 1 and 2 and substitute:

“(C) THE REGISTRATION FEE FOR A GROUND LEASE PER GROUND LEASE HOLDER IS:

(1) \$10 FOR THE FIRST GROUND LEASE; AND

(2) FOR EACH ADDITIONAL GROUND LEASE:

(I) \$3 BEFORE OCTOBER 1, 2008;

(II) \$4 ON OR AFTER OCTOBER 1, 2008 AND BEFORE OCTOBER 1, 2009; AND

(III) \$5 ON OR AFTER OCTOBER 1, 2009.”;

in line 4, before “**THE**” insert “**(A)**”; in the same line, strike “**IF**” and substitute “**WHEN**”; in line 5, after “**DEPARTMENT**” insert “**RECEIVES**”; in line 6, strike “**IS SATISFIED THAT A**” and substitute “**A**”; in lines 6 and 7, strike “**APPLICATION IS COMPLETE**” and substitute “**FORM**”; in line 8, strike “**RECEIVES THE \$20 REGISTRATION APPLICATION**” and substitute “**THE APPROPRIATE REGISTRATION**”; after line 9, insert:

“(B) (1) IF FOR ANY REASON THE DEPARTMENT IS UNABLE TO REGISTER A GROUND LEASE FOR WHICH A REGISTRATION FORM AND APPROPRIATE FEE HAS BEEN SUBMITTED, THE DEPARTMENT SHALL NOTIFY THE GROUND LEASE HOLDER OF THAT GROUND LEASE, WITHIN 30 DAYS OF PROCESSING THE REGISTRATION FORM, OF ANY INFORMATION NEEDED BY THE DEPARTMENT SO AS TO COMPLETE THE REGISTRATION.

(2) THE GROUND LEASE HOLDER SHALL HAVE UP TO 30 DAYS TO SUPPLY THE NEEDED INFORMATION TO THE DEPARTMENT BEFORE ANY ACTION MAY BE TAKEN UNDER § 8-708 OF THIS SUBTITLE.;

in line 11, strike “(A)”; strike in their entirety lines 15 and 16; in lines 17 and 18, strike “(3)” and “(4)”, respectively, and substitute “(2)” and “(3)”, respectively; strike in their entirety lines 19 and 20; and strike beginning with “(1)” in line 22 down through the second “THE” in line 23 and substitute “EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, A GROUND LEASE HOLDER SHALL REGISTER A”.

On page 7, strike in their entirety lines 1 through 4, inclusive; and in line 7, strike “TO APPLY”.

AMENDMENT NO. 5

On page 7, after line 22, insert:

“(D) TO THE EXTENT THAT THE EXTINGUISHMENT OF A GROUND LEASE UNDER THIS SECTION CREATES INCOME FOR THE LEASEHOLD TENANT, THAT INCOME MAY NOT BE CONSIDERED IN THE CALCULATION OF INCOME FOR THE PURPOSES OF DETERMINING ELIGIBILITY FOR ANY STATE OR LOCAL PROGRAM.

(E) IF THE LEGAL DISABILITY OF A GROUND LEASE HOLDER IS REMOVED AFTER A GROUND LEASE IS EXTINGUISHED UNDER THIS SECTION:

(1) IF THE GROUND LEASE EXTINGUISHMENT CERTIFICATE HAS BEEN RECORDED, THE GROUND LEASE HOLDER:

(I) IS ENTITLED TO RECEIVE FROM THE FORMER LEASEHOLD TENANT THE REDEMPTION VALUE OF THE GROUND LEASE; AND

(II) HAS NO CLAIM ON THE PROPERTY THAT HAD BEEN SUBJECT TO THE GROUND LEASE; AND

(2) IF THE GROUND LEASE EXTINGUISHMENT CERTIFICATE HAS NOT BEEN RECORDED, THE GROUND LEASE HOLDER:

(I) MAY REINSTATE THE GROUND LEASE BY REGISTERING THE GROUND LEASE WITH THE DEPARTMENT WITHIN 2 YEARS AFTER THE REMOVAL OF THE LEGAL DISABILITY; AND

(II) IS NOT ENTITLED TO GROUND RENT FOR THE PERIOD OF THE LEGAL DISABILITY.

(F) IF A GROUND LEASE IS EXTINGUISHED UNDER THIS SECTION AND A GROUND LEASE EXTINGUISHMENT CERTIFICATE HAS NOT BEEN RECORDED, A BUYER OF THE PROPERTY FOR WHICH THE GROUND LEASE HAS BEEN EXTINGUISHED:

(1) MAY APPLY TO THE DEPARTMENT FOR A GROUND LEASE EXTINGUISHMENT CERTIFICATE AND FILE THE CERTIFICATE IN THE LAND RECORDS OF THE COUNTY IN WHICH THE PROPERTY IS LOCATED; AND

(2) MAY NOT BE REQUIRED TO PAY ANY SECURITY OR ANY AMOUNT INTO AN ESCROW ACCOUNT FOR THE EXTINGUISHED GROUND LEASE.”.

AMENDMENT NO. 6

On page 7, after line 23, insert:

(Over)

“THE DEPARTMENT SHALL WORK WITH THE STATE ARCHIVES TO COORDINATE THE RECORDATION, INDEXING, AND LINKING OF GROUND LEASES REGISTERED UNDER THIS SUBTITLE.

8-710.”;

in line 28, strike “8-709.” and substitute “8-711.”; and after line 30, insert:

“SECTION 2. AND BE IT FURTHER ENACTED, That, through September 30, 2010, the State Department of Assessments and Taxation shall publish notice of the registration requirements under this Act in at least semiannual advertisements of at least a quarter-page size in a newspaper of general circulation in Baltimore City and each county in which ground rents are located.

SECTION 3. AND BE IT FURTHER ENACTED, That the State Department of Assessments and Taxation shall report to the General Assembly, in accordance with § 2-1246 of the State Government Article, on or before December 31, 2007, and on or before December 31, 2008, on the implementation of this Act, including recommendations on the provision of notification to ground lease holders about the registration requirements established under this Act.

SECTION 4. AND BE IT FURTHER ENACTED, That the Comptroller of the State shall report to the General Assembly, in accordance with § 2-1246 of the State Government Article, on or before December 31, 2007, on recommendations regarding the provision of notification by the Comptroller to ground lease holders about the registration requirements with the State Department of Assessments and Taxation established under this Act, including providing notification in the yearly State income tax instruction booklet.”.

On page 8, in line 1, strike “2.” and substitute “5.”.