

HOUSE BILL 337

Q1, Q2, N1

8lr0586

By: **Delegates Pena–Melnik, Barnes, and Frush**

Introduced and read first time: January 25, 2008

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Tax – Property – Property Value Assessments – Disclosure of Improvements**

3 FOR the purpose of requiring a seller of real property to disclose the existence of any
4 substantial improvement to the property not reflected in the State Department
5 of Assessments and Taxation tax worksheet before the sale; requiring the
6 Department to establish and provide a certain form for use by a seller of real
7 property and for record keeping by the Department; requiring a seller of real
8 property to sign and secure the signature of the purchaser on a written
9 disclosure form and to deliver the form to the Department; requiring the
10 Department to revalue real property on disclosure of a substantial
11 improvement; altering the circumstances under which the Director of the
12 Department is authorized to order a revaluation of real property; making
13 technical changes; and generally relating to the assessment of real property.

14 BY adding to

15 Article – Real Property

16 Section 10–706

17 Annotated Code of Maryland

18 (2003 Replacement Volume and 2007 Supplement)

19 BY repealing and reenacting, with amendments,

20 Article – Tax – Property

21 Section 2–203, 2–204, 2–210, and 8–104

22 Annotated Code of Maryland

23 (2007 Replacement Volume)

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

26 **Article – Real Property**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **10-706.**

2 **PRIOR TO THE SALE OF REAL PROPERTY, THE SELLER SHALL:**

3 (1) **DISCLOSE TO THE PURCHASER THE EXISTENCE OF ANY**
4 **SUBSTANTIAL IMPROVEMENT TO THE PROPERTY THAT IS NOT REFLECTED IN**
5 **THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION WORKSHEET**
6 **RECORD;**

7 (2) **SIGN AND SECURE THE SIGNATURE OF THE PURCHASER ON A**
8 **WRITTEN DISCLOSURE FORM PROVIDED BY THE STATE DEPARTMENT OF**
9 **ASSESSMENTS AND TAXATION UNDER § 2-210 OF THE TAX - PROPERTY**
10 **ARTICLE; AND**

11 (3) **DELIVER THE DISCLOSURE FORM TO THE STATE**
12 **DEPARTMENT OF ASSESSMENTS AND TAXATION.**

13 **Article - Tax - Property**

14 2-203.

15 (a) (1) The Department shall continually review all real property
16 assessments to provide a review of each assessment at least once in each 3-year cycle.

17 (2) If any assessment has not been reviewed during a 3-year cycle, the
18 Department may order a review of the assessment at any time.

19 (b) For the review under subsection (a) of this section, real property is not
20 required to be reviewed individually or separately, but it may be grouped:

21 (1) in areas;

22 (2) by character or use; or

23 (3) in any other manner that the Department considers to be helpful
24 or necessary.

25 (c) On request of the property tax assessment appeal board for the county in
26 which the property is located, the Director shall order a review of any real property
27 assessment.

28 (d) When reviewing real property under this section, the Department may
29 use property description cards, property location maps, land classification maps, unit
30 value maps, land use maps, zoning maps, records of new construction, sales records,
31 building cost information, private appraisals, periodic surveys of assessment ratios,

1 **IMPROVEMENT DISCLOSURES**, or any other material or information that the
2 Department considers to be a reliable aid in determining real property value.

3 2-204.

4 (a) The Director may order a revaluation of any real property if, based on
5 [consideration and] AN evaluation of a review of a real property valuation on which
6 the existing assessment is based, it appears that the existing valuation of the real
7 property is erroneous [because it differs significantly from valuations on comparable
8 properties].

9 (b) Before ordering a revaluation of real property under this section, the
10 Director shall consult with the governing body of the county or property tax
11 assessment appeal board of the county in which the real property is located.

12 2-210.

13 (a) The Department shall prepare, install, and maintain for each county a
14 complete record of properties, with appropriate indexes and cross indexes, and a
15 system of appraisal aids that consist of:

16 (1) property description cards;

17 (2) property location maps;

18 (3) land classification maps;

19 (4) unit value maps; and

20 (5) records of:

21 (i) new construction;

22 (ii) sales;

23 (iii) building costs; [and]

24 (iv) private appraisals; **AND**

25 **(V) IMPROVEMENT DISCLOSURES.**

26 (b) (1) The Department shall publish instructions and directions that set
27 forth generally the duties to be performed and the procedures to be followed in making
28 and recording assessments.

1 (2) The instructions and directions shall be distributed to the
2 governing body of each county, all assessment officers, and any official who has any
3 duty that relates to assessments.

4 (c) The Director shall establish and provide all forms for notices, records,
5 reports, **DISCLOSURES**, and other matters that relate to the functions of supervisors
6 and assessors.

7 8–104.

8 (a) Real property shall be valued separately for:

9 (1) the land; and

10 (2) the improvements on the land.

11 (b) (1) Notwithstanding a revaluation under subsection (c) of this section,
12 the Department or supervisor shall value all real property once in every 3–year cycle
13 based on an exterior physical inspection of the real property.

14 (2) The date of finality for real property that is valued under this
15 subsection is the January 1 immediately before the 1st taxable year to which the
16 assessment based on the new value is applicable.

17 (c) (1) In any year of a 3–year cycle, real property shall be revalued if any
18 of the factors listed below causes a change in the value of the real property:

19 (i) the zoning classification is changed at the initiative of the
20 owner or anyone having an interest in the property;

21 (ii) a change in use or character occurs;

22 (iii) substantially completed improvements are made which add
23 at least \$50,000 in value to the property;

24 (iv) an error in calculation or measurement of the real property
25 caused the value to be erroneous;

26 (v) a residential use assessment is terminated pursuant to
27 § 8–226 of this title; [or]

28 (vi) a subdivision occurs. For purposes of this subsection,
29 “subdivision” means the division of real property into 2 or more parcels by subdivision
30 plat, condominium plat, time–share, metes and bounds, or other means; **OR**

1 **(VII) A SELLER OF REAL PROPERTY SUBMITS A FORM TO THE**
2 **DEPARTMENT UNDER § 10-706 OF THE REAL PROPERTY ARTICLE DISCLOSING**
3 **THE EXISTENCE OF A SUBSTANTIAL IMPROVEMENT.**

4 (2) When real property is revalued under this subsection, the
5 Department or supervisor shall:

6 (i) determine the value that would have resulted if the
7 revaluation had occurred for the 1st year of the 3-year cycle;

8 (ii) determine the value that would have resulted if the
9 revaluation had occurred for the 1st year of the preceding 3-year cycle; and

10 (iii) adjust the phased-in value for each of the years remaining
11 in the 3-year cycle to reflect the change that results from the revaluation.

12 (3) The Department or supervisor shall revalue real property under
13 paragraph (1)(i), (ii), (iv), (v), [and] **OR** (vi) of this subsection on the semiannual date
14 of finality. The revaluation shall be effective for the taxable year beginning on the
15 semiannual date of finality, if the notice under this title is sent no later than 30 days
16 after the semiannual date of finality.

17 (4) The Department or supervisor shall revalue real property under
18 paragraph (1)(iii) **OR (VII)** of this subsection on the date of finality, semiannual date of
19 finality, or quarterly date of finality following the substantial completion of the
20 improvements to land.

21 (d) (1) The local agency responsible for zoning shall provide the
22 supervisor of assessments a list of each zoning classification change within 30 days of
23 the approval of the change.

24 (2) The list shall identify any zoning classification change initiated or
25 requested by the owner of the property or anyone having an interest in the property.

26 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
27 October 1, 2008.