

SENATE BILL 985

Q1, L6

8lr3461

By: **Senators Peters, Currie, and Garagiola**

Introduced and read first time: March 3, 2008

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Property Tax Assessments – Local Ordinance Imposing Rent Restrictions or**
3 **Affordability Requirements – Study and Report**

4 FOR the purpose of requiring the governing body of a certain county or municipal
5 corporation that proposes to enact an ordinance or adopt a regulation imposing
6 certain rent restrictions or affordability requirements on commercial real
7 property to send the proposed ordinance or regulation to the State Department
8 of Assessments and Taxation and the Comptroller; requiring the Department
9 and the Comptroller jointly to study the proposed ordinance or regulation and
10 report on its effects on certain valuations and assessments of classes of
11 property; requiring the report to be completed within a certain time period;
12 requiring the report to be sent to certain legislative committees and the
13 governing body of the county or municipal corporation; altering certain
14 provisions governing the valuation of certain commercial real property for
15 property tax purposes under certain circumstances; and generally relating to a
16 study and report on a local ordinance imposing rent restrictions or affordability
17 requirements and property tax assessments.

18 BY adding to

19 Article 24 – Political Subdivisions – Miscellaneous Provisions
20 Section 2–104
21 Annotated Code of Maryland
22 (2005 Replacement Volume and 2007 Supplement)

23 BY adding to

24 Article – Tax – Property
25 Section 2–203.1
26 Annotated Code of Maryland
27 (2007 Replacement Volume)

28 BY repealing and reenacting, without amendments,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Article – Tax – Property
2 Section 8–101(a) and (b)(9)
3 Annotated Code of Maryland
4 (2007 Replacement Volume)

5 BY repealing and reenacting, with amendments,
6 Article – Tax – Property
7 Section 8–105(a)(3)
8 Annotated Code of Maryland
9 (2007 Replacement Volume)

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

12 **Article 24 – Political Subdivisions – Miscellaneous Provisions**

13 **2–104.**

14 **BEFORE THE GOVERNING BODY OF A COUNTY OR MUNICIPAL**
15 **CORPORATION ENACTS AN ORDINANCE OR ADOPTS A REGULATION THAT**
16 **IMPOSES RENT RESTRICTIONS, AFFORDABILITY REQUIREMENTS, OR ANY OTHER**
17 **RESTRICTIONS, THE GOVERNING BODY SHALL SEND THE PROPOSED ORDINANCE**
18 **OR REGULATION TO THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION**
19 **AND THE COMPTROLLER FOR STUDY UNDER § 2–203.1 OF THE**
20 **TAX – PROPERTY ARTICLE.**

21 **Article – Tax – Property**

22 **2–203.1.**

23 **(A) THE DEPARTMENT AND THE COMPTROLLER JOINTLY SHALL**
24 **STUDY A PROPOSED ORDINANCE OR REGULATION RECEIVED FROM A COUNTY**
25 **OR MUNICIPAL CORPORATION IN ACCORDANCE WITH ARTICLE 24, § 2–104 OF**
26 **THE CODE.**

27 **(B) (1) THE DEPARTMENT AND THE COMPTROLLER SHALL EXAMINE**
28 **THE EFFECTS OF THE PROPOSED ORDINANCE OR REGULATION ON:**

29 **(I) VALUATION AND ASSESSMENT OF THE CLASS OF**
30 **PROPERTIES TO WHICH THE PROPOSED ORDINANCE OR REGULATION WOULD**
31 **APPLY;**

32 **(II) UNIFORMITY WITHIN CLASSES AS REQUIRED BY § 1–401**
33 **OF THIS ARTICLE;**

1 (III) CONTINUED MAINTENANCE AND CAPITAL INVESTMENT
2 IN EXISTING PROPERTIES WITHIN THE CLASS;

3 (IV) FUTURE CONSTRUCTION OF PROPERTIES WITHIN THE
4 CLASS; AND

5 (V) THE TAX BURDEN OF SINGLE-FAMILY RESIDENTIAL
6 REAL PROPERTY AND COMMERCIAL REAL PROPERTY IN THE COUNTY OR
7 MUNICIPAL CORPORATION AND THE STATE.

8 (2) THE DEPARTMENT AND THE COMPTROLLER MAY CONSIDER
9 ANY OTHER INFORMATION IN DETERMINING THE PROJECTED FISCAL IMPACT
10 OF THE PROPOSED ORDINANCE OR REGULATION ON THE STATE.

11 (C) THE DEPARTMENT AND THE COMPTROLLER SHALL:

12 (1) COMPLETE THE STUDY WITHIN 60 DAYS OF RECEIPT OF THE
13 PROPOSED ORDINANCE OR REGULATION;

14 (2) REPORT THEIR FINDINGS TO THE SENATE BUDGET AND
15 TAXATION COMMITTEE AND THE HOUSE COMMITTEE ON WAYS AND MEANS;
16 AND

17 (3) MAIL A COPY OF THE REPORT TO THE GOVERNING BODY OF
18 THE COUNTY OR MUNICIPAL CORPORATION THAT SENT THE PROPOSED
19 ORDINANCE OR REGULATION.

20 8-101.

21 (a) For assessment purposes, property shall be divided into classes and
22 subclasses.

23 (b) Real property is a class of property and is divided into the following
24 subclasses:

25 (9) property valued under § 8-105(a)(3) of this subtitle;

26 8-105.

27 (a) (3) In determining the value of commercial real property [developed
28 under § 42 of the Internal Revenue Code], the supervisor:

29 (i) shall consider the impact of applicable rent restrictions,
30 affordability requirements, or any other related restrictions required by § 42 of the
31 Internal Revenue Code and any other federal, State, or local programs;

1 (ii) may not consider income tax credits under § 42 of the
2 Internal Revenue Code **AND ANY OTHER FEDERAL, STATE, OR LOCAL PROGRAMS**
3 as income attributable to the real property; and

4 (iii) may consider the replacement cost approach only if the
5 value produced by the replacement cost approach is less than the value produced by
6 the income approach for the property and it is reflective of the value of the real
7 property.

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
9 July 1, 2008.