

# SENATE BILL 985

Q1, L6

8lr3461

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

Introduced and read first time: March 3, 2008

Assigned to: Rules

Re-referred to: Budget and Taxation, March 10, 2008

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: April 4, 2008

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## CHAPTER \_\_\_\_\_

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~~ Business and Economic  
9 Development; requiring the Department ~~and the Comptroller jointly~~ to study  
10 the proposed ordinance or regulation and report on its effects on certain  
11 valuations and assessments of classes of property; requiring the report to be  
12 completed within a certain time period; requiring the report to be sent to certain  
13 legislative committees and the governing body of the county or municipal  
14 corporation; altering certain provisions governing the valuation of certain  
15 commercial real property for property tax purposes under certain  
16 circumstances; and generally relating to a study and report on a local ordinance  
17 imposing rent restrictions or affordability requirements and property tax  
18 assessments.

19 BY adding to

20 Article 24 – Political Subdivisions – Miscellaneous Provisions

21 Section 2–104

22 Annotated Code of Maryland

23 (2005 Replacement Volume and 2007 Supplement)

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**EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.**

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 BY adding to  
 2 Article – Tax – Property  
 3 Section 2–203.1  
 4 Annotated Code of Maryland  
 5 (2007 Replacement Volume)

6 BY repealing and reenacting, without amendments,  
 7 Article – Tax – Property  
 8 Section 8–101(a) and (b)(9)  
 9 Annotated Code of Maryland  
 10 (2007 Replacement Volume)

11 BY repealing and reenacting, with amendments,  
 12 Article – Tax – Property  
 13 Section 8–105(a)(3)  
 14 Annotated Code of Maryland  
 15 (2007 Replacement Volume)

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

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

19 **2–104.**

20 **BEFORE THE GOVERNING BODY OF A COUNTY OR MUNICIPAL**  
 21 **CORPORATION ENACTS AN ORDINANCE OR ADOPTS A REGULATION THAT**  
 22 **IMPOSES RENT RESTRICTIONS, AFFORDABILITY REQUIREMENTS, OR ANY OTHER**  
 23 **RESTRICTIONS, THE GOVERNING BODY SHALL SEND THE PROPOSED ORDINANCE**  
 24 **OR REGULATION TO THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION**  
 25 **~~AND THE COMPTROLLER~~ BUSINESS AND ECONOMIC DEVELOPMENT FOR STUDY**  
 26 **UNDER § 2–203.1 OF THE TAX – PROPERTY ARTICLE.**

27 **Article – Tax – Property**

28 **2–203.1.**

29 **(A) IN THIS SECTION, “DEPARTMENT” MEANS THE DEPARTMENT OF**  
 30 **BUSINESS AND ECONOMIC DEVELOPMENT.**

31 **(B) ~~THE DEPARTMENT AND THE COMPTROLLER JOINTLY~~ SHALL STUDY**  
 32 **A PROPOSED ORDINANCE OR REGULATION RECEIVED FROM A COUNTY OR**  
 33 **MUNICIPAL CORPORATION IN ACCORDANCE WITH ARTICLE 24, § 2–104 OF THE**  
 34 **CODE.**

1           ~~(B)~~ (C)       (1)   **THE DEPARTMENT ~~AND THE COMPTROLLER~~ SHALL**  
2 **EXAMINE THE EFFECTS OF THE PROPOSED ORDINANCE OR REGULATION ON:**

3                           (I)   **VALUATION AND ASSESSMENT OF THE CLASS OF**  
4 **PROPERTIES TO WHICH THE PROPOSED ORDINANCE OR REGULATION WOULD**  
5 **APPLY;**

6                           (II)   **UNIFORMITY WITHIN CLASSES AS REQUIRED BY § 1-401**  
7 **OF THIS ARTICLE;**

8                           (III)   **CONTINUED MAINTENANCE AND CAPITAL INVESTMENT**  
9 **IN EXISTING PROPERTIES WITHIN THE CLASS;**

10                          (IV)   **FUTURE CONSTRUCTION OF PROPERTIES WITHIN THE**  
11 **CLASS; AND**

12                          (V)   **THE TAX BURDEN OF SINGLE-FAMILY RESIDENTIAL**  
13 **REAL PROPERTY AND COMMERCIAL REAL PROPERTY IN THE COUNTY OR**  
14 **MUNICIPAL CORPORATION AND THE STATE.**

15                          (2)   **THE DEPARTMENT ~~AND THE COMPTROLLER~~ MAY CONSIDER**  
16 **ANY OTHER INFORMATION IN DETERMINING THE PROJECTED FISCAL IMPACT**  
17 **OF THE PROPOSED ORDINANCE OR REGULATION ON THE STATE.**

18           ~~(C)~~ (D)       **THE DEPARTMENT ~~AND THE COMPTROLLER~~ SHALL:**

19                          (1)   **COMPLETE THE STUDY WITHIN 60 DAYS OF RECEIPT OF THE**  
20 **PROPOSED ORDINANCE OR REGULATION;**

21                          (2)   **REPORT ~~THEIR~~ ITS FINDINGS TO THE SENATE BUDGET AND**  
22 **TAXATION COMMITTEE AND THE HOUSE COMMITTEE ON WAYS AND MEANS;**  
23 **AND**

24                          (3)   **MAIL A COPY OF THE REPORT TO THE GOVERNING BODY OF**  
25 **THE COUNTY OR MUNICIPAL CORPORATION THAT SENT THE PROPOSED**  
26 **ORDINANCE OR REGULATION.**

27 8-101.

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

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

1 (9) property valued under § 8–105(a)(3) of this subtitle;  
2 8–105.

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

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

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

11 (iii) may consider the replacement cost approach only if the  
12 value produced by the replacement cost approach is less than the value produced by  
13 the income approach for the property and it is reflective of the value of the real  
14 property.

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

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.