

SENATE BILL 409

Q1

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By: **Senators Peters, Glassman, and Pugh**
Introduced and read first time: January 29, 2010
Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Property Tax – Annual Reassessment**

3 FOR the purpose of altering the triennial assessment cycle for real property for
4 property tax purposes to an annual assessment cycle; requiring the State
5 Department of Assessments and Taxation to review certain real property
6 assessments each year; repealing certain obsolete provisions; providing for the
7 application of this Act; and generally relating to the valuation and assessment
8 of real property for property tax purposes.

9 BY repealing and reenacting, with amendments,
10 Article – Tax – Property
11 Section 1–402(9) and (11), 2–203, 8–103, 8–104, and 8–401
12 Annotated Code of Maryland
13 (2007 Replacement Volume and 2009 Supplement)

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

16 **Article – Tax – Property**

17 1–402.

18 Property owners in this State have the following rights:

19 (9) after an appeal hearing, the right to:

20 (i) not have an assessment increased during the current
21 [3–year cycle] YEAR because of information ascertained at an appeal hearing on
22 residential property; and

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (ii) a reinspection of a property, upon request, to review updated
2 information revealed during an appeal hearing that could result in a decreased
3 assessment;

4 (11) the right to file a petition for review [within any year of the
5 3-year assessment cycle], as provided in § 8-415 of this article;
6 2-203.

7 (a) (1) The Department shall continually review all real property
8 assessments to provide a review of each assessment at least once [in each 3-year
9 cycle] **EACH YEAR**.

10 (2) If any assessment has not been reviewed during [a 3-year cycle]
11 **THE YEAR**, the Department may order a review of the assessment at any time.

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

14 (1) in areas;

15 (2) by character or use; or

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

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

21 (d) When reviewing real property under this section, the Department may
22 use property description cards, property location maps, land classification maps, unit
23 value maps, land use maps, zoning maps, records of new construction, sales records,
24 building cost information, private appraisals, periodic surveys of assessment ratios, or
25 any other material or information that the Department considers to be a reliable aid in
26 determining real property value.

27 8-103.

28 (a) [(1)] In this section [the following words have the meanings indicated.

29 (2) “New], “NEW statewide value” means the [phased in] value of all
30 real property subject to property tax on January 1 preceding any taxable year,
31 excluding the [phased in] value of real property assessed for the 1st time during the
32 calendar year beginning on that January 1.

1 [(3) “Phased in value” means for the 1st, 2nd, or 3rd year of a 3-year
2 cycle:

3 (i) the prior value of real property increased by one-third,
4 two-thirds, or the full amount by which the value increased over the prior value based
5 on a physical inspection of the real property; or

6 (ii) if the value of real property has not increased, the value
7 determined in the most recent valuation.

8 (4) “3-year cycle” means a continuous series of 3 calendar year periods
9 beginning for each period with the 1st calendar year after the calendar year in which a
10 physical inspection of real property is made under § 8-104(b) of this subtitle.]

11 (b) On or before January 1 of each year, the Department shall determine the
12 new statewide value.

13 (c) (1) Except as provided in this subsection, the assessment of real
14 property is its [phased in] value.

15 (2) The assessment of the real property described in § 8-102(b) of this
16 subtitle is its [phased in] use value.

17 (3) The assessment of the operating real property described in §
18 8-108(c) of this subtitle is its value.

19 (4) The assessment of the operating real property described in §
20 8-109(c) of this subtitle is its value.

21 8-104.

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

23 (1) the land; and

24 (2) the improvements on the land.

25 (b) (1) Notwithstanding a revaluation under subsection (c) of this section,
26 the Department or supervisor shall value all real property once [in every 3-year cycle
27 based on an exterior physical inspection of the real property] **EACH YEAR.**

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

1 (c) (1) [In any year of a 3-year cycle, real] **REAL** property shall be
2 revalued if any of the factors listed below causes a change in the value of the real
3 property:

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

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

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

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

11 (v) a residential use assessment is terminated pursuant to §
12 8-226 of this title; or

13 (vi) a subdivision occurs. For purposes of this subsection,
14 “subdivision” means the division of real property into 2 or more parcels by subdivision
15 plat, condominium plat, time-share, metes and bounds, or other means.

16 (2) [When real property is revalued under this subsection, the
17 Department or supervisor shall:

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

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

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

24 (3)] The Department or supervisor shall revalue real property under
25 paragraph (1)(i), (ii), (iv), (v), and (vi) of this subsection on the semiannual date of
26 finality. The revaluation shall be effective for the taxable year beginning on the
27 semiannual date of finality, if the notice under this title is sent no later than 30 days
28 after the semiannual date of finality.

29 [[4)] **(3)** The Department or supervisor shall revalue real property
30 under paragraph (1)(iii) of this subsection on the date of finality, semiannual date of
31 finality, or quarterly date of finality following the substantial completion of the
32 improvements to land.

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

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

6 8–401.

7 (a) When any change as provided in subsection (b) of this section occurs in
8 the value or classification of any real property that a supervisor assesses, the
9 supervisor shall notify the owner or other appropriate person by a written notice of the
10 proposed change.

11 (b) A written notice is required for:

12 (1) an increase or decrease in an existing real property value;

13 (2) a change in the classification of the real property;

14 (3) establishment of an initial real property value;

15 (4) a decision on an assessment appeal or a petition to change an
16 existing real property value or classification; and

17 (5) a revaluation or reclassification, if a valuation or classification has
18 been appealed but not finally determined.

19 (c) The notice for subsection (b)(1) of this section shall include:

20 (1) the amount of the current value;

21 (2) the amount of the proposed value including a statement that the
22 total amount of the proposed value is the value for purposes of appeal;

23 (3) [the amount of the proposed value that will be the basis for the
24 assessment in each year of the 3–year cycle;

25 (4)] a statement:

26 (i) indicating the right to appeal; and

27 (ii) briefly describing the appeal process and the property
28 owner’s bill of rights; and

29 [(5)] (4) a statement that valuation records are available as provided
30 by § 14–201 of this article.

1 (d) In the instance of notices required in subsection (b)(2), (3), (4), and (5) of
2 this section, the notice shall include:

3 (1) the amount of the current value;

4 (2) the amount of the proposed or final value;

5 (3) [the amount of the proposed value that is the basis for the
6 assessment in the applicable years of the 3-year cycle;

7 (4)] a statement:

8 (i) indicating the right of appeal; and

9 (ii) briefly describing the appeal process and the property
10 owner's bill of rights; and

11 [(5)] (4) a statement that valuation records are available as provided
12 by § 14-201 of this article.

13 (e) The notice shall be served as provided by § 8-402 of this subtitle on or
14 before January 1 or any other date specified in this article.

15 (f) A failure to send a notice of any change in value or classification within
16 30 days after the date provided in subsection (e) of this section creates an irrebuttable
17 presumption that in the instances specified in subsection (b)(1) through (4) of this
18 section that the prior value has not changed unless:

19 (1) the property has been transferred for consideration to new
20 ownership during the previous calendar year;

21 (2) the zoning classification of the property changed during the
22 [current triennial cycle or the] previous calendar year[, whichever is earlier,]
23 resulting in an increased value of the property;

24 (3) a substantial change occurred in the use or character of the
25 property during [the current triennial cycle or] the previous calendar year[, whichever
26 is earlier];

27 (4) extensive improvements have been made on the property during
28 [the current triennial cycle or] the previous calendar year, [whichever is earlier,] as
29 provided in § 8-104(c)(1)(iii) of this title;

30 (5) due to an error in calculating or measuring improvements on the
31 property the assessment for the previous taxable year was clearly erroneous; or

1 (6) the assessment has been decreased.

2 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
3 October 1, 2010, and shall be applicable to all taxable years beginning after June 30,
4 2011.