

**SB 762**

**Department of Legislative Services**  
Maryland General Assembly  
2011 Session

## FISCAL AND POLICY NOTE

Senate Bill 762 (Senator Brinkley)  
Budget and Taxation

## Property Tax Assessments - Physical Inspection of Property

This bill repeals the requirement that the State Department of Assessments and Taxation (SDAT) value all real property based on an exterior physical inspection of the real property. Instead, the bill requires SDAT to value real property based on a review of each property in each three-year cycle. The review by SDAT must include a physical inspection of a property if (1) the value of improvements to the property is being initially established; (2) the value of substantially completed improvements is being established; (3) the property is the subject of a recent sale; (4) the property owner requests a physical inspection as part of an active appeal; or (5) the department determines that a physical inspection is appropriate.

The bill takes effect June 1, 2011.

## Fiscal Summary

**State Effect:** None. The bill's provisions will not materially affect SDAT's operations or finances.

**Local Effect:** None.

### **Small Business Effect: None.**

## Analysis

**Current Law/Background:** Under current law, real property is valued and assessed once every three years. This approach, the triennial assessment process, was part of major property tax reform established in 1979. Under this process, assessors from SDAT

physically inspect each property every three years. No adjustments are made in the interim, except in the case of (1) a zoning change; (2) a substantial change in property use; (3) extensive improvements to the property; or (4) a prior erroneous assessment. The assessor determines the current “full market value” of the property and any increase in value is phased in over a three-year period. Any decrease, however, is recognized immediately for assessment purposes.

Under the current three-year assessment cycle, SDAT assesses approximately 700,000 properties each year. As a point of reference, in January 2011, approximately 740,000 assessment notices were sent out for properties assessed during 2010. Staffing at the department’s local assessment offices includes 169 field assessors, 57 supervisory positions, and 131 clerical staff. SDAT uses a variety of assessment techniques including computer modeling, sales analysis, and physical inspections. However, most of SDAT’s current physical inspections are related to new construction and the other factors that trigger an out-of-cycle reassessment.

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## **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** State Department of Assessments and Taxation, Property Tax Assessment Appeals Board, Department of Legislative Services

**Fiscal Note History:** First Reader - March 8, 2011

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