

HOUSE BILL 833

Q2

4lr2260

By: **Delegates McIntosh, Anderson, Branch, Carter, Clippinger, Glenn, Hammen, Harper, Haynes, McHale, Mitchell, Oaks, B. Robinson, Rosenberg, Stukes, Tarrant, ~~and M. Washington~~ M. Washington, and Cardin**

Introduced and read first time: February 5, 2014

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 11, 2014

CHAPTER _____

1 AN ACT concerning

2 **Baltimore City – Tax-Exempt Property – Certification of Use**

3 FOR the purpose of requiring certain organizations that own property in Baltimore
4 City that is not subject to property tax to submit a certain application to the
5 State Department of Assessments and Taxation on or before ~~a certain date~~
6 certain dates; requiring that the application include a certification that certain
7 property not subject to property tax is in current actual use for a certain
8 tax-exempt purpose; specifying the form and oath required for the application;
9 providing that a property subject to this Act for which an application has not
10 been filed on or before ~~a certain date~~ certain dates shall be subject to property
11 tax on ~~a certain date~~ certain dates; requiring that a property for which an
12 application is filed after ~~a certain date~~ certain dates not be subject to property
13 tax effective in certain taxable years; requiring certain organizations that own
14 property in Baltimore City that is not subject to property tax to notify certain
15 persons within a certain period of time after the property ceases to be used for a
16 certain tax-exempt purpose; providing for a delayed effective date; and
17 generally relating to requiring a certification of a current tax-exempt use of
18 certain property in Baltimore City that is not subject to property tax.

19 BY repealing and reenacting, with amendments,

20 Article – Tax – Property

21 Section 7-202 and 7-204

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 Annotated Code of Maryland
2 (2012 Replacement Volume and 2013 Supplement)

3 BY adding to
4 Article – Tax – Property
5 Section 7–204.1
6 Annotated Code of Maryland
7 (2012 Replacement Volume and 2013 Supplement)

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

10 **Article – Tax – Property**

11 7–202.

12 (a) In this section:

13 (1) “fraternal organization” means any organization that:

14 (i) is conducted solely for the benefit of its members and its
15 beneficiaries;

16 (ii) is operated on a lodge system with a ritualistic activity; and

17 (iii) has a representative form of government;

18 (2) “fraternal organization” includes a sororal organization; and

19 (3) “fraternal organization” does not include:

20 (i) any college or high school fraternity or sorority; or

21 (ii) any other fraternal or sororal organization the membership
22 of which is restricted wholly or largely to students or graduates of an educational
23 institution or a professional school.

24 (b) (1) Except as provided in subsection (c) of this section **AND SUBJECT**
25 **TO § 7–204.1 OF THIS SUBTITLE**, property is not subject to property tax if the
26 property:

27 (i) is necessary for and actually used exclusively for a
28 charitable or educational purpose to promote the general welfare of the people of the
29 State, including an activity or an athletic program of an educational institution; and

30 (ii) is owned by:

- 1 1. a nonprofit hospital;
- 2 2. a nonprofit charitable, fraternal, educational, or
3 literary organization including:
 - 4 A. a public library that is authorized under Title 23 of
5 the Education Article; and
 - 6 B. a men’s or women’s club that is a nonpolitical and
7 nonstock club;
- 8 3. a corporation, limited liability company, or trustee
9 that holds the property for the sole benefit of an organization that qualifies for an
10 exemption under this section; or
- 11 4. a nonprofit housing corporation.

12 (2) The exemption under paragraph (1)(ii)1 of this subsection includes
13 any personal property initially leased by a nonprofit hospital for more than 1 year
14 under a lease that is noncancellable except for cause.

15 (c) (1) Except for a nonprofit hospital, not more than 100 acres of real
16 property owned by an exempt organization and appurtenant to the premises of the
17 exempt organization is exempt from property tax, if the property is located outside of a
18 municipal corporation or Baltimore City.

19 (2) Not more than 100 acres of real property of a nonprofit hospital
20 that is appurtenant to the hospital is exempt from property tax.

21 (d) (1) Notwithstanding § 7–104 of this title and after filing the
22 application provided by § 7–103 of this title, property tax on any property that is
23 transferred to a nonprofit charitable organization is abated from the date during the
24 taxable year when the instrument transferring title to the organization is recorded if:

25 (i) the property is transferred to a nonprofit charitable
26 organization qualified under § 501(c)(3) of the Internal Revenue Code;

27 (ii) the property becomes exempt under this section;

28 (iii) the property has a value less than \$300,000 as listed in the
29 records of the Department on the date when the instrument transferring title to the
30 organization is recorded; and

31 (iv) the nonprofit charitable organization provides the
32 Department evidence of the property tax it actually paid or reimbursed at the property
33 settlement.

1 (2) The amount of property tax abated under this subsection may not
2 exceed the amount of property tax actually paid or reimbursed by an eligible
3 organization at the property settlement.

4 7-204.

5 [Property] **SUBJECT TO § 7-204.1 OF THIS SUBTITLE, PROPERTY** that is
6 owned by a religious group or organization is not subject to property tax if the property
7 is actually used exclusively for:

8 (1) public religious worship;

9 (2) a parsonage or convent; or

10 (3) educational purposes.

11 **7-204.1.**

12 **(A) AN ORGANIZATION THAT OWNS PROPERTY IN BALTIMORE CITY**
13 **THAT IS NOT SUBJECT TO PROPERTY TAX AS OF JUNE 1, 2014, UNDER § 7-202**
14 **OR § 7-204 OF THIS SUBTITLE SHALL SUBMIT AN APPLICATION TO THE**
15 **DEPARTMENT ~~ON OR BEFORE JUNE 1, 2016,~~ IN ACCORDANCE WITH THIS**
16 **SECTION:**

17 **(1) BEGINNING WITH APRIL 1, 2016, ON OR BEFORE THE EARLIER**
18 **OF APRIL 1 OF THE YEAR IN WHICH THE PROPERTY IS ASSESSED IN**
19 **ACCORDANCE WITH THE DEPARTMENT'S 3-YEAR CYCLE OR APRIL 1, 2017; AND**

20 **(2) ON OR BEFORE APRIL 1 OF EACH SUBSEQUENT YEAR IN**
21 **WHICH THE PROPERTY IS ASSESSED IN ACCORDANCE WITH THE DEPARTMENT'S**
22 **3-YEAR CYCLE.**

23 **(B) THE APPLICATION SHALL:**

24 **(1) BE MADE ON THE FORM THAT THE DEPARTMENT PROVIDES;**

25 **(2) CERTIFY THAT EACH PROPERTY OWNED BY THE**
26 **ORGANIZATION IN BALTIMORE CITY THAT IS NOT SUBJECT TO PROPERTY TAX IS**
27 **IN CURRENT ACTUAL USE FOR A TAX-EXEMPT PURPOSE AS ENUMERATED IN §**
28 **7-202 OR § 7-204 OF THIS SUBTITLE; AND**

29 **(3) INCLUDE A STATEMENT BY A REPRESENTATIVE OF THE**
30 **ORGANIZATION UNDER OATH THAT THE FACTS STATED IN THE APPLICATION**
31 **ARE TRUE, CORRECT, AND COMPLETE.**

1 (C) A PROPERTY SUBJECT TO THIS SECTION FOR WHICH AN
 2 APPLICATION HAS NOT BEEN FILED ON OR BEFORE ~~JUNE 1, 2016~~, ~~SHALL BE~~
 3 ~~SUBJECT TO PROPERTY TAX EFFECTIVE JULY 1, 2016~~ APRIL 1 OF A YEAR IN
 4 WHICH AN APPLICATION IS DUE UNDER SUBSECTION (A) OF THIS SECTION
 5 SHALL BE SUBJECT TO PROPERTY TAX EFFECTIVE THE FOLLOWING JULY 1.

6 (D) A PROPERTY FOR WHICH AN APPLICATION IS FILED AFTER ~~JUNE 1,~~
 7 ~~2016~~, APRIL 1 OF A YEAR IN WHICH AN APPLICATION IS DUE UNDER
 8 SUBSECTION (A) OF THIS SECTION IS NOT SUBJECT TO PROPERTY TAX
 9 EFFECTIVE:

10 (1) THE NEXT TAXABLE YEAR IF THE APPLICATION IS RECEIVED
 11 ON OR AFTER JULY 1 BUT ON OR BEFORE ~~JUNE~~ APRIL 1; OR

12 (2) THE SECOND FOLLOWING TAXABLE YEAR IF THE APPLICATION
 13 IS RECEIVED AFTER ~~JUNE~~ APRIL 1 BUT BEFORE JULY 1.

14 (E) AN ORGANIZATION THAT OWNS PROPERTY SUBJECT TO THIS
 15 SECTION SHALL NOTIFY THE DEPARTMENT AND THE DIRECTOR OF FINANCE OF
 16 BALTIMORE CITY WITHIN 30 DAYS AFTER THE PROPERTY CEASES TO BE USED
 17 FOR A TAX-EXEMPT PURPOSE AS ENUMERATED IN § 7-202 OR § 7-204 OF THIS
 18 SUBTITLE.

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
 20 ~~June 1, 2014~~ July 1, 2015.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.