

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 44

(Delegate McCray)

Environment and Transportation

Judicial Proceedings

Residential Property - Ground Lease Registration Forms - Contact Information Option

This bill alters the required contents of a specified ground lease registration form maintained by the State Department of Assessments and Taxation (SDAT) to include a section that provides the ground lease holder the option to include the ground lease holder's telephone number and email address. The bill also requires that the form used to report changes or corrections to a ground lease registration include a section that provides the ground lease holder the option to include the ground lease holder's telephone number and email address.

Fiscal Summary

State Effect: SDAT can handle the bill's requirements with existing resources. Revenues are not affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: A ground lease holder registers a ground lease with SDAT by submitting a registration on a form that includes:

- the address and tax identification number of the affected property;
- the name and address of the ground lease holder;

- the name and address of the leasehold tenant;
- the name and address of the person to whom the ground rent payment is sent;
- the amount and payment dates of the ground rent installments;
- to the best of the ground lease holder's knowledge, a statement of the range of years in which the ground lease was created; and
- the liber and folio information for the current ground rent deed of record.

The registration fee is \$10 for the first ground lease and \$5 for each additional ground lease, per ground lease holder.

If a ground lease is not registered, the ground lease holder may not collect any ground rent payments due under the ground lease or bring specified legal actions against the leasehold tenant.

After a ground lease is registered, the ground lease holder must promptly notify SDAT of (1) a change in the name or address of the ground lease holder, leasehold tenant, or person to whom the ground rent payment is sent; (2) a redemption of the ground lease; and (3) any other information that SDAT requires.

Background: Ground leases have been a form of property holding in Maryland since colonial times. A ground lease creates a leasehold estate in the grantee that is personal – not real – property. The grantor retains a reversion in the ground lease property and fee simple title to the land. Ground leases generally have a 99-year term and are renewable perpetually. Ground rent is paid to the grantor (the ground lease holder) for the use of the property for the term of the lease in annual or semi-annual installments. Under a typical ground lease contract, the tenant agrees to pay all fees, taxes, and other costs associated with ownership of the property.

As of January 5, 2017, there were 90,811 ground leases registered with SDAT. According to the registry maintained by SDAT, ground leases are concentrated mostly in Baltimore City (61,317), with other properties located in Anne Arundel (3,684), Baltimore (25,355), Carroll (11), Cecil (1), Charles (1), Harford (173), Howard (59), Montgomery (5), Prince George's (44), and Worcester (161) counties.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): State Department of Assessments and Taxation; Department of Legislative Services

Fiscal Note History: First Reader - January 18, 2017
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