

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 1394
Ways and Means

(Delegate McMillan, *et al.*)

Budget and Taxation

Property Tax - Reassessment After Appeal

This bill prohibits the State Department of Assessments and Taxation (SDAT), when conducting a real property reassessment after an appeal, from automatically eliminating a reduction in an assessment of the property that was granted by a Property Tax Assessment Appeals Board or the Maryland Tax Court. SDAT may eliminate a reduction in the assessment that was granted if the specific reason for the reduction no longer applies.

Fiscal Summary

State Effect: The bill codifies existing practice regarding the reassessment of properties after an appeal. SDAT advises that assessors do not automatically reset property assessments to the value of the property prior to the appeal.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The assessment appeal process typically begins with an appeal of the notice of assessment. These notices are mailed in late December, and an appeal may be filed with the supervisor of assessments within 45 days of the date of the notice; for properties that transfer after January 1 but before the beginning of the taxable year, the new owner has 60 days from the date of transfer to file an appeal regarding the property value or classification. Following that appeal, the property owner receives a final notice. If the taxpayer is not satisfied with the outcome, the next appeal must be made to the Property Tax Assessment Appeals Board within 30 days from the date of the final notice. A further

appeal may be taken to the Maryland Tax Court within 30 days of receiving notice from the board. Any further appeals are made through the judicial system, including the circuit court, the Court of Special Appeals, and the Court of Appeals.

Appeals of property values may also be filed with the supervisor outside of the regular assessment cycle. Appeals may also be filed by persons who have purchased property between January 1 and June 30. Such appeals must be made within 60 days of the purchase.

When a property assessment is changed as the result of an appeal of its value, SDAT must consider the facts and reasons stated in the decision on the appeal when reviewing the next assessment of the property. If the value or classification of real property is appealed, the appeal must be noted in the assessment worksheet or card that relates to the property whose value or classification was appealed.

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 value 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; (4) a prior erroneous assessment; (5) a residential use assessment is terminated; or (6) a subdivision occurs. 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.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Tax Court; Property Tax Assessment Appeals Board; State Department of Assessments and Taxation; Department of Legislative Services

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