

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 1660
Ways and Means

(Delegate Reilly, *et al.*)

Budget and Taxation

Property Tax – Assessment Records of Real Property and Reassessment After Appeal

This bill requires the State Department of Assessments and Taxation (SDAT) to include a note in each property record describing any assessment reduction resulting from an order or decision of a Property Tax Assessment Appeals Board, the Maryland Tax Court, or any other court issued on or after October 1, 2014, and the specific reason for the reduction. The bill also extends the application of Chapter 529 of 2017 to any assessment appeal filed with a supervisor of assessments on or after October 1, 2014, that is still pending a final decision on the appeal on or after October 1, 2017.

Fiscal Summary

State Effect: SDAT can handle the requirements of the bill with existing budgeted resources, assuming that the bill applies to a limited number of prior year appeals. A significant number of prior year appeals may require increased staffing expenditures.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Chapter 529 prohibits 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.

SDAT indicated that Chapter 529 codified existing practice regarding the reassessment of properties after an appeal and that assessors do not automatically reset property assessments to the value of the property prior to the appeal.

Each county supervisor of assessment is required to keep a record of all real property assessments in the county. Each account in the record must contain (1) the name and address of the owner; (2) a brief description of the property; (3) the specific location of the property; (4) the general location of the property including a deed or will reference and any tax map reference; and (5) the assessment of the land and any improvement on the land. The details of land and improvements on the land that have been valued at different amounts must be recorded on the respective worksheet or card.

Background: 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.

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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