

Chapter 314

(Senate Bill 925)

AN ACT concerning

Property Tax – Liability for Payment of Tax on Leased Property

FOR the purpose of providing that a lien that is the result of unpaid property tax of the lessee of certain interests in property of certain governmental entities does attach, under certain circumstances, to certain property; and generally relating to the collection of property taxes on leased property.

BY repealing and reenacting, without amendments,

Article – Tax – Property

Section 6–102(e)

Annotated Code of Maryland

(2012 Replacement Volume and 2017 Supplement)

BY repealing and reenacting, with amendments,

Article – Tax – Property

Section 10–403

Annotated Code of Maryland

(2012 Replacement Volume and 2017 Supplement)

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

Article – Tax – Property

6–102.

(e) Unless exempted under § 7–211, § 7–211.1, § 7–244, or § 7–501 of this article, the interest or privilege of a person in property that is owned by the federal government, the State, a county, a municipal corporation, or an agency or instrumentality of the federal government, the State, a county, or a municipal corporation is subject to property tax as though the lessee or the user of the property were the owner of the property, if the property is leased or otherwise made available to that person:

(1) by the federal government, the State, a county, a municipal corporation, or an agency or instrumentality of the federal government, the State, a county, or a municipal corporation; and

(2) with the privilege to use the property in connection with a business that is conducted for profit.

10–403.

(a) The owner of property that is subject to the leasehold or other limited interest that is described in § 6–102(b) through (e) of this article is not liable for property tax on that property. However, the Department may impose the entire property tax liability due on the property to the tenant, bailee, custodian, or other party in possession of the property.

(b) **[If] EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, IF** the holder of a leasehold or other limited interest in property that is described in § 6–102(e) of this article fails to pay property tax that is due, a lien does not attach to the property or to the interest of a holder in the property but is a personal debt of the holder that is recoverable by civil action in any court of competent jurisdiction.

(C) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, SUBSECTION (B) OF THIS SECTION DOES NOT APPLY TO ANY LEASEHOLD INTEREST HELD IN ANY PROPERTY WITHIN:

(I) A DEVELOPMENT DISTRICT DESIGNATED UNDER § 12–203 OF THE ECONOMIC DEVELOPMENT ARTICLE;

(II) A SPECIAL TAXING DISTRICT ESTABLISHED UNDER § 21–409 OR § 21–503 OF THE LOCAL GOVERNMENT ARTICLE; OR

(III) A COMMUNITY DEVELOPMENT AUTHORITY DESIGNATED UNDER § 2–7–125 OF THE CODE OF PUBLIC LOCAL LAWS OF FREDERICK COUNTY.

(2) THIS SUBSECTION DOES NOT APPLY TO ANY REVERSIONARY INTEREST OF THE FEDERAL GOVERNMENT, THE STATE, A COUNTY, OR A MUNICIPAL CORPORATION, OR AN AGENCY OR INSTRUMENTALITY OF THE FEDERAL GOVERNMENT, THE STATE, A COUNTY, OR A MUNICIPAL CORPORATION IN PROPERTY DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2018.

Approved by the Governor, April 24, 2018.