

SENATE BILL 174

Q1

11r0074

(PRE-FILED)

By: **Chair, Budget and Taxation Committee (By Request – Departmental – Assessments and Taxation)**

Requested: September 26, 2020

Introduced and read first time: January 13, 2021

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Property Tax Assessments – 5-Year Assessment Cycle**

3 FOR the purpose of altering the triennial assessment cycle for real property for property
4 tax purposes to a 5-year cycle; making conforming changes; and generally relating
5 to the valuation and assessment of real property for property tax purposes.

6 BY repealing and reenacting, with amendments,

7 Article – Tax – Property

8 Section 1–402(9) and (11), 2–203(a), 7–204.1(a), 8–103(a), 8–104(b) and (c)(1) and (2),
9 8–401(c), (d), and (f), 8–417(c), and 14–1103(b)

10 Annotated Code of Maryland

11 (2019 Replacement Volume and 2020 Supplement)

12 BY repealing and reenacting, without amendments,

13 Article – Tax – Property

14 Section 14–1103(a)

15 Annotated Code of Maryland

16 (2019 Replacement Volume and 2020 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

18 That the Laws of Maryland read as follows:

19 **Article – Tax – Property**

20 1–402.

21 Property owners in this State have the following rights:

22 (9) after an appeal hearing, the right to:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (i) not have an assessment increased during the current [3-year]
2 **5-YEAR** cycle because of information ascertained at an appeal hearing on residential
3 property; and

4 (ii) a reinspection of a property, upon request, to review updated
5 information revealed during an appeal hearing that could result in a decreased assessment;

6 (11) the right to file a petition for review within any year of the [3-year]
7 **5-YEAR** assessment cycle, as provided in § 8-415 of this article;

8 2-203.

9 (a) (1) The Department shall continually review all real property assessments
10 to provide a review of each assessment at least once in each [3-year] **5-YEAR** cycle.

11 (2) If any assessment has not been reviewed during a [3-year] **5-YEAR**
12 cycle, the Department may order a review of the assessment at any time.

13 7-204.1.

14 (a) An organization that owns property in Baltimore City that is not subject to
15 property tax as of June 1, 2014, under § 7-202 or § 7-204 of this subtitle shall submit an
16 application to the Department in accordance with this section:

17 (1) beginning with April 1, 2016, on or before the earlier of April 1 of the
18 year in which the property is assessed in accordance with the Department's [3-year]
19 **5-YEAR** cycle or April 1, 2017; and

20 (2) on or before April 1 of each subsequent year in which the property is
21 assessed in accordance with the Department's [3-year] **5-YEAR** cycle.

22 8-103.

23 (a) (1) In this section the following words have the meanings indicated.

24 **(2) "5-YEAR CYCLE" MEANS A CONTINUOUS SERIES OF 5 CALENDAR**
25 **YEAR PERIODS BEGINNING FOR EACH PERIOD WITH THE 1ST CALENDAR YEAR**
26 **AFTER THE CALENDAR YEAR IN WHICH A PHYSICAL INSPECTION OF REAL PROPERTY**
27 **IS MADE UNDER § 8-104(B) OF THIS SUBTITLE.**

28 **[(2)] (3)** "New statewide value" means the phased in value of all real
29 property subject to property tax on January 1 preceding any taxable year, excluding the
30 phased in value of real property assessed for the 1st time during the calendar year
31 beginning on that January 1.

1 ~~[(3)]~~ (4) “Phased in value” means for the 1st, 2nd, ~~[or] 3rd,~~ **4TH, OR 5TH**
2 year of a ~~[3-year]~~ **5-YEAR** cycle:

3 (i) the prior value of real property increased by ~~[one-third,~~
4 ~~two-thirds,]~~ **ONE-FIFTH, TWO-FIFTHS, THREE-FIFTHS, FOUR-FIFTHS,** or the full
5 amount by which the value increased over the prior value based on a physical inspection of
6 the real property; or

7 (ii) if the value of real property has not increased, the value
8 determined in the most recent valuation.

9 ~~[(4)]~~ “3-year cycle” means a continuous series of 3 calendar year periods
10 beginning for each period with the 1st calendar year after the calendar year in which a
11 physical inspection of real property is made under § 8-104(b) of this subtitle.]

12 8-104.

13 (b) (1) Notwithstanding a revaluation under subsection (c) of this section, the
14 Department or supervisor shall value all real property once in every ~~[3-year]~~ **5-YEAR** cycle
15 based on a review of the real property under § 2-203 of this article.

16 (2) The date of finality for real property that is valued under this
17 subsection is the January 1 immediately before the 1st taxable year to which the
18 assessment based on the new value is applicable.

19 (c) (1) In any year of a ~~[3-year]~~ **5-YEAR** cycle, real property shall be revalued
20 if any of the factors listed below causes a change in the value of the real property:

21 (i) the zoning classification is changed at the initiative of the owner
22 or anyone having an interest in the property;

23 (ii) a change in use or character occurs;

24 (iii) substantially completed improvements are made which add at
25 least \$100,000 in value to the property;

26 (iv) an error in calculation or measurement of the real property
27 caused the value to be erroneous;

28 (v) a residential use assessment is terminated pursuant to § 8-226
29 of this title; or

30 (vi) a subdivision occurs. For purposes of this subsection,
31 “subdivision” means the division of real property into 2 or more parcels by subdivision plat,
32 condominium plat, time-share, metes and bounds, or other means.

1 (2) When real property is revalued under this subsection, the Department
2 or supervisor shall:

3 (i) determine the value that would have resulted if the revaluation
4 had occurred for the 1st year of the [3-year] **5-YEAR** cycle;

5 (ii) determine the value that would have resulted if the revaluation
6 had occurred for the 1st year of the preceding [3-year] **5-YEAR** cycle; and

7 (iii) adjust the phased-in value for each of the years remaining in the
8 [3-year] **5-YEAR** cycle to reflect the change that results from the revaluation.

9 8-401.

10 (c) The notice for subsection (b)(1) of this section shall include:

11 (1) the amount of the current value;

12 (2) the amount of the proposed value including a statement that the total
13 amount of the proposed value is the value for purposes of appeal;

14 (3) the amount of the proposed value that will be the basis for the
15 assessment in each year of the [3-year] **5-YEAR** cycle;

16 (4) a statement:

17 (i) indicating the right to appeal; and

18 (ii) briefly describing the appeal process and the property owner's
19 bill of rights; and

20 (5) a statement that valuation records are available as provided by §
21 14-201 of this article.

22 (d) In the instance of notices required in subsection (b)(2), (3), (4), and (5) of this
23 section, the notice shall include:

24 (1) the amount of the current value;

25 (2) the amount of the proposed or final value;

26 (3) the amount of the proposed value that is the basis for the assessment
27 in the applicable years of the [3-year] **5-YEAR** cycle;

28 (4) a statement:

29 (i) indicating the right of appeal; and

1 (ii) briefly describing the appeal process and the property owner's
2 bill of rights; and

3 (5) a statement that valuation records are available as provided by §
4 14–201 of this article.

5 (f) A failure to send a notice of any change in value or classification within 30
6 days after the date provided in subsection (e) of this section creates an irrebuttable
7 presumption that in the instances specified in subsection (b)(1) through (4) of this section
8 the prior value has not changed unless:

9 (1) the property has been transferred for consideration to new ownership
10 during the previous calendar year;

11 (2) the zoning classification of the property changed during the current
12 [triennial] **QUINQUENNIAL** cycle or the previous calendar year, whichever is earlier,
13 resulting in an increased value of the property;

14 (3) a substantial change occurred in the use or character of the property
15 during the current [triennial] **QUINQUENNIAL** cycle or the previous calendar year,
16 whichever is earlier;

17 (4) extensive improvements have been made on the property during the
18 current [triennial] **QUINQUENNIAL** cycle or the previous calendar year, whichever is
19 earlier, as provided in § 8–104(c)(1)(iii) of this title;

20 (5) due to an error in calculating or measuring improvements on the
21 property the assessment for the previous taxable year was clearly erroneous; or

22 (6) the assessment has been decreased.

23 8–417.

24 (c) (1) When escaped property is assessed it is placed on the assessment roll
25 and tax roll and is subject to property tax for:

26 (i) the current taxable year; and

27 (ii) not more than [3] **5** previous taxable years.

28 (2) The county tax imposition for each county or municipal corporation tax
29 imposition for each municipal corporation shall be deemed to have covered all property that
30 was not assessed but which should have been assessed for the year that any county or
31 municipal corporation tax was imposed.

32 14–1103.

1 (a) Except as otherwise provided in subsections (b) and (c) of this section, property
2 tax shall be assessed for the taxable period specified in Title 8 of this article.

3 (b) Escaped property shall be assessed under § 8-417 of this article at the time
4 the property is located and for not more than the **[3] 5** preceding taxable years.

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
6 October 1, 2021.