

Department of Legislative Services
 Maryland General Assembly
 2022 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

House Bill 69

(Delegate Amprey)

Ways and Means

Budget and Taxation

State Department of Assessments and Taxation – Real Property Assessments and Appeals

This bill alters specified notification and appeal processes used by the State Department of Assessments and Taxation (SDAT).

Fiscal Summary

State Effect: General fund expenditures increase by \$18,000 in FY 2023 for SDAT to hire a usability consultant. Revenues are not affected.

| (in dollars) | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|----------------|------------|---------|---------|---------|---------|
| Revenues | \$0 | \$0 | \$0 | \$0 | \$0 |
| GF Expenditure | 18,000 | 0 | 0 | 0 | 0 |
| Net Effect | (\$18,000) | \$0 | \$0 | \$0 | \$0 |

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The bill authorizes an appeal authority to consider the following criteria in making its final decision in hearing an appeal that relates to the value of real property: (1) the fair market value of the real property; (2) the valuation and assessment methodology employed by the assessor; (3) depreciation factors; or (4) any other criteria related to the valuation and assessment of real property.

The appeal authority must notify the appropriate local government of a decision of an appeal authority that reduces the value of commercial real property by more than 20% within 10 days after the decision. The local government may appeal to the appropriate appeal authority within 90 days after receiving the notice.

The bill also requires SDAT to publish on the department's website a plain language description of the following: (1) the methodology applied in the valuation and assessment process; (2) any adjustments in value that an assessor is authorized to make; (3) the criteria used to determine the depreciation value of real property; (4) the circumstances under which the department must revalue real property in any year of a three-year cycle; and (5) any other factors relevant to the valuation of real property by the department.

Current Law: Real property is valued and assessed by SDAT once every three years. Prior to June 1, 2018, statute required that assessments be based on a physical inspection; however, Chapter 651 of 2018 repealed the requirement that SDAT value all real property based on an exterior physical inspection of the real property. Instead, the department must value real property based on a review of each property in each three-year cycle. The review by the department must include a physical inspection of a property if (1) the value of improvements to the property is being initially established; (2) the value of substantially completed improvements is being established; (3) the property is the subject of a recent sale, and the inspection is deemed necessary by the department for purposes of market analysis; (4) the property owner requests a physical inspection as part of an active appeal; (5) the department is notified by a county finance officer that a substantially completed improvement has been made that adds at least \$1.0 million in value to the property; or (6) the department determines that a physical inspection is appropriate.

In any year of a three-year cycle, real property must be revalued if any of the following factors causes a change in the value of the real property: (1) the zoning classification is changed at the initiative of the owner or anyone having an interest in the property; (2) a change in use or character occurs; (3) substantially completed improvements are made that add at least \$100,000 in value to the property; (4) an error in calculation or measurement of the real property caused the value to be erroneous; (5) a residential use assessment is terminated; or (6) a subdivision occurs.

State Fiscal Effect: General fund expenditures for SDAT increase by \$18,000 in fiscal 2023 to hire a usability consultant to assist with modifications to the department's website and the appeals process, including identifying and determining various depreciation factors, as specified by the bill.

Additional Information

Prior Introductions: Similar legislation was introduced at the 2021 session. HB 1290 received a hearing in the House Ways and Means Committee, but no further action was taken. SB 782, the cross file, received a hearing in the Senate Budget and Taxation Committee, but no further action was taken.

Designated Cross File: SB 247 (Senator Hayes) - Budget and Taxation.

Information Source(s): Baltimore City; Harford, Montgomery, and Wicomico counties; Office of the Attorney General; Maryland Tax Court; State Department of Assessments and Taxation; Department of Legislative Services

Fiscal Note History: First Reader - January 18, 2022
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