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HEARING DATE: March 9, 2022

BILL: SB0760

TITLE: Property Tax Exemption - Religious Group or Organization - Third-Party Leases

SDAT POSITION: Letter of Information

SB0760 states that real property owned by a religious group or organization that is leased to a third party does not qualify for a property tax exemption.

The Department advises that it will not be able to audit the exemption nor will the Department be able to enforce this provision beyond asking the religious group or organization to self-attest compliance. As written, the exemption is unclear and nebulous.

Currently, SDAT provides a partial exemption if part of the religious group or organization's property is used by the exempt group. This legislation does not address the current practice and it is unclear to SDAT if the entire property would be excluded from the exemption or only the portion which is leased to a third party. As this legislation is written the matter would likely be litigated through the court system to make this determination.

Due to the potential discrepancies in the bill's language, SDAT offers this Letter of Information and strongly urges a reconsideration of SB0760 in its current form.