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HEARING DATE: February 22, 2023

BILL: SB0418

TITLE: Property Tax - Agricultural Land and Improvements - Assessment

SDAT POSITION: SUPPORT WITH AMENDMENTS

All improvements situated on a parcel of land are valued at their full cash value based upon the actual building construction type, quality, and features included in the building which is used to determine the contributory added value to the property regardless of the land use. This process has been used for all property, including agricultural property, since the Maryland State Department of Assessments and Taxation (SDAT) assumed the assessment of properties from the county governments in 1974.

SDAT has assessed improvements in the same manner throughout this 49-year period by valuing those improvements based on the construction type, quality, size, and features, including siding materials, roof types, electrical systems, plumbing systems, heating and cooling systems, porches, garages, and other features present in each structure. This methodology is applied to improvements located on all classes of property to meet the uniformity provisions of state law.

SDAT relies on the issuance of building permits to know when improvements are built. Maryland Tax Property § 5-103 requires each jurisdiction to immediately submit a copy of building permits to SDAT. However, some jurisdictions do not require building permits for buildings on agricultural property. Therefore, buildings constructed on agricultural property are not always assessed in a timely fashion, leading to a lag in time before a revised assessment is known to the property owner.

The Department recommends that SB0418 be amended to conform with the recommendations of MSAR # 14320, mandated by SB 567/Ch. 643, 2022.