

# Written Testimony on H.B. 896

To: Ways and Means Committee

From: David F. Tufaro, Managing Member, Terra Nova Ventures, LLC

Date: February 24, 2023

I am a resident of Baltimore City, as well as the owner of several non-residential properties in the City, of extremely large size and small. They include Montgomery Park (home to Maryland Department of the Environment, the Lottery), Mt.Vernon Mill, Whitehall Mill, and 1817 Thames Street. And keep in mind, the tax rate in the City is double the rate of most of the 23 other jurisdictions in the State, so the impact of any over assessment is double that of the 23 counties.

Before getting into the substance of my testimony, the obvious question is: what is the reason for this? Do the sponsors of this bill think that commercial tax appeals are not desired or appropriate? Do they think too many parties are contesting the assessments? Or, is it just a convenient way for the State to collect more revenues? What is it? The Committee should begin by asking the sponsors what their motivation is, and who is really asking for this?

Some other questions to ask:

1. Isn't a tax appeal a fundamental right if taxpayers believe their assessment is too high? Would this fee violate any constitutional right?
2. What is the basis for treating residential properties differently from commercial properties?
3. Are there too many commercial appeals as compared with residential appeals?, Is there any documentation from SDAT to support this? And if so, why is that the case?
4. Maybe the problem of appeals starts with SDAT. Are they overassessing, forcing taxpayers to have to appeal to avoid paying more taxes than are due? Is SDAT intentionally overassessing, forcing the taxpayers to negotiate with them?
5. Does SDAT do sufficient research prior to sending out the assessments? Or are they being lazy, forcing the taxpayer to pull together the information that will support a more accurate assessment?
6. Did you know that commercial property owners are mandated to provide income and expense information on their properties annually (and are subject to fines if they do not, which they do enforce)? One would assume that SDAT uses this data to assist them with generating their assessments (my experience is that they ignore this data)

7. Is SDAT under funded and understaffed to do their job (just like the Comptroller's office)?  
If the State chooses to be in the revenue collecting business, which they are, then they need to employ the resources necessary to perform their duties. To the extent that they do not, that is irresponsible to the State's taxpayers

#### My own experience with commercial property tax assessments

1. SDAT always over assesses, and we are forced to appeal every time, which ultimately leads to a reduction in the assessed value
2. Assessment appeals are very expensive and time consuming. You retain a tax assessment appeal attorney. You begin with the appeal to the assessment office, which may grant some small relief. Then you go to PTAB, which in Baltimore City always rubberstamps the assessor's value. Then you go into the Tax Court system, which starts getting expensive. You often have to get an appraisal, which costs \$5,000 to \$7500. Then you may have a hearing, or the matter gets settled by negotiations between attorneys. Usually, that is some kind of compromise, but usually at a value higher than it rightfully should be.
3. That whole process can take one to two years. In the meantime, you still have to pay the taxes on the appraised amount that SDAT has arrived at.
4. When you arrive at an agreed amount of value, the Attorney General's office has to sign off before the new assessed value is sent to SDAT. SDAT then has to send the new value to the Baltimore City Department of Finance. That whole process usually takes several weeks.
5. Then the City Department of Finance has to prepare the new real estate tax invoice with the tax bill based on the corrected assessed value. And then the City has to process the real estate tax refund, which usually takes several months before the owner receives the tax refund.

#### My Letter of February 21, 2023 to Michael Higgs, Director of SDAT

Please see and read my attached letter describing my current assessment situation on my property, Whitehall Mill, LLC, located at 3300 Clipper Mill Road in Baltimore City. After an extended appeal period that was concluded in September 2022 with a reduced assessment of **\$9,750,000**, the new assessment is **\$15,433,600**, or a whopping **58% increase**. There is no justification for this absurd increased assessment. We are being forced to appeal.

## Conclusion

Fix the problem with the assessments. Do not penalize commercial property owners for legitimately fighting high assessments.

David F. Tufaro

Managing Member

Terra Nova Ventures, LLC

1817 Thames Street

Baltimore, MD 21231

[dtufaro@terranoventures.com](mailto:dtufaro@terranoventures.com)

410-327-3200

410-327-3262 (fax)

Attachment



TERRA NOVA  
VENTURES LLC

February 21, 2023

Michael L. Higgs, Director  
Maryland Department of Assessments and Taxation  
Baltimore City Assessment Office  
WM Donald Schaefer Tower  
6 Saint Paul St. 11<sup>th</sup> Floor  
Baltimore, MD 21202-1608

RE: Whitehall Mill, LLC  
3300 Clipper Mill road  
Baltimore, Md 21211  
Tax Year Beginning 7-1-2023  
Acct#03 13 033525B013 N

Director Mr. Higgs:

We just received in the mail on February 17, 2023, (the Notice Date is January 26, 2023, or half-way through the appeal filing date) a corrected assessment for the above referenced property of **\$9,750,000**, and a new assessment value of **\$15,433,600**. This represents a 58% increase in value. You've got to be kidding. Commercial values have declined in Baltimore City, not increased over the last three years, and interest rates have doubled which translates into lower real estate values. And the property operates in the red (we send you our operating statements annually and you consistently ignore them).

You cannot find anything to support such an increase. By coming up with such a high value, you force owners of real estate, like myself, to go through an extensive and expensive appeal process that usually takes a couple years and then we have to wait for our refund from Baltimore City. We are still waiting for our very large tax refund on this property from last year's settlement on the assessed value. it has now been several months. All I can say is this is a heck of a way to run an assessment office, which punishes landowners rather than trying to arrive at a best estimate of the valuation of the property.

Sincerely yours,

David. F. Tufaro

cc: Governor Wes Moore  
Deputy Director, Marcus Alzona

Attachment

ACCT#03 13 033525B013 N  
WHITEHALL MILL LLC  
1817 THAMES ST  
BALTIMORE, MD 21231-0000

Dear Property Owner:

The enclosed notice informs you that the Maryland Department of Assessments and Taxation has determined a new estimated market value of your property after the latest reassessment. This value was developed using recent market information from your area and has been applied uniformly to all comparable properties. The estimated market value of both the land and buildings on your property can be found on page 3 of the notice.

Property assessment values are certified by the Department of Assessments and Taxation and are then converted into property tax bills by local governments. To compute your tax bill, local governments multiply the jurisdiction's property tax rate by the property's total assessed value. County and municipal governments set their tax rates at public hearings each spring and have the sole discretion to set tax rates. Property tax bills are issued in July/August of each year by local tax billing and collection offices.

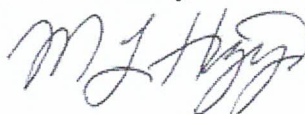
Property values may rise or fall in the changing real estate markets. State law requires all property to be revalued every three years to ensure that all property owners pay only their fair share of local taxes. Since property taxes are primarily a local government revenue, our state assessors are able to provide an impartial, unbiased opinion.

The Department also administers two tax credits that may be available if you are a homeowner living in your primary residence. They are the Homeowners' and Homestead Tax Credits. Additional information about these credits can be found on page 2 of the notice.

The Department of Assessments and Taxation is committed to providing the best possible customer service to Maryland's property owners. You may quickly and easily obtain public data containing sales and assessment information for any property in Maryland by conducting a search on our Real Property Database. To visit the Real Property Database and to learn more about the assessment process, please visit our website at [www.dat.maryland.gov](http://www.dat.maryland.gov).

Please feel free to contact your local assessment office for further information about your property's new estimated market value.

Sincerely,



Michael L. Higgs  
Director

**Assessment Notice**  
*(This is Not a Tax Bill)*

BALTIMORE CITY ASSESSMENT OFC  
WM DONALD SCHAEFER TOWER  
6 SAINT PAUL ST, 11TH FLOOR  
BALTIMORE MD 21202-1608

(410)767-8250  
sdat.baltcity@maryland.gov

NOTICE #	NOTICE DATE	TAX YEAR BEGINNING
985562	01/26/2023	07/01/2023
DIST MAP	PARCEL SEC	BLOCK LOT USE SUBD
13 13	03	3525B 013 I
PROPERTY LOCATION	PRINCIPAL RESIDENCE	
3300 CLIPPER MILL RO	NO	
CONTROL #:	3255	HOMESTEAD APPLICATION APPROVAL - NO

If this property is your principal residence and the Homestead Application Approval is NOT shown as Approved or Pending in the box above, you are encouraged to email [sdat.homestead@maryland.gov](mailto:sdat.homestead@maryland.gov) to apply.

The following taxable assessments will be applied to produce your actual July 1, 2023 tax bill **provided your Homestead Credit status does not change or local governments do not revise their Homestead Credit percentages by the March 2023 deadline.**

**Taxable Assessments for July 1, 2023**

1. \$2,018,900 County or Balt. City Taxable Assessment	2. \$7,731,100 State Taxable Assessment	3. \$NOT APPLICABLE Municipal Taxable Assessment
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State law requires that all real property be revalued at least every three years. The property described above has been reviewed to determine the new market value effective January 1, 2023. The new market value is based upon market data available prior to this date. The old total market value of your property was:

4. \$9,750,000
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This property has been reappraised as of Jan. 1, 2023. This is the current value of your property, it is not a projection of future value.

**New Market Value As of Jan. 1, 2023**

5. \$ 2,018,900 Land	6. \$ 13,414,700 Buildings	7. \$ 15,433,600 <b>TOTAL</b>
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State law provides that any increase in the new market value be phased in over the next three tax years in equal amounts. If the value decreased, this reduced assessment will be in effect for the next three years as shown in the boxes below (before applicable credits and exemptions).

**Phased-In Market Values / Assessments**

8. \$11,644,533 2023	9. \$ 13,539,067 2024	10. \$ 15,433,600 2025
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**Your Appeal Rights**

If you feel that your property's Total **New Market Value** of \$15,433,600 is incorrect, you may file an appeal. An explanation of the appeal process and instructions on how to file your appeal are located on page 4.

**An appeal must be filed or postmarked by 03/13/2023**

ATTENTION: If the mailing address at right is incorrect, please print the correct address below and return to the Assessment Office.

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\_\_\_\_\_  
\_\_\_\_\_

ACCT#03 13 033525B013 N  
13 30600 0302 985562 I N  
WHITEHALL MILL LLC  
1817 THAMES ST  
BALTIMORE, MD 21231-0000