

HOUSE BILL 188

Q1

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CF 9lr0762

By: **Delegates Shewell, Aumann, Boteler, Costa, Eckardt, Frank, Frush, George, Impallaria, Jennings, Kach, Love, McComas, Myers, Riley, Robinson, Serafini, Shank, Stocksdale, Stull, Walkup, and Weir**

Introduced and read first time: January 26, 2009

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Property Tax – Assessment Freeze and Annual Reassessment**

3 FOR the purpose of altering the triennial assessment cycle for real property for
4 property tax purposes to an annual assessment cycle; requiring the State
5 Department of Assessments and Taxation to review certain real property
6 assessments each year and to physically inspect the exterior of certain real
7 property at least once every three years as part the review; altering the
8 maximum homestead property tax credit percentage for the State, county, and
9 municipal property tax for a certain year; providing for the application of this
10 Act; repealing certain obsolete provisions; providing for the termination of
11 certain provisions of this Act; and generally relating to the valuation and
12 assessment of real property for property tax purposes and the homestead
13 property tax credit.

14 BY repealing and reenacting, with amendments,
15 Article – Tax – Property
16 Section 1–402(9) and (11), 2–203, 8–103, 8–104, 8–401, and 9–105(e)
17 Annotated Code of Maryland
18 (2007 Replacement Volume and 2008 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
20 MARYLAND, That the Laws of Maryland read as follows:

21 **Article – Tax – Property**

22 1–402.

23 Property owners in this State have the following rights:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

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

8 (11) the right to file a petition for review [within any year of the
9 3-year assessment cycle], as provided in § 8-415 of this article;

10 2-203.

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

14 (2) **AT LEAST ONCE EVERY 3 YEARS, AS PART OF A REVIEW THE**
15 **DEPARTMENT SHALL PHYSICALLY INSPECT THE EXTERIOR OF THE REAL**
16 **PROPERTY.**

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

19 (b) For the review under subsection (a) of this section, real property is not
20 required to be reviewed individually or separately, but it may be grouped:

21 (1) in areas;

22 (2) by character or use; or

23 (3) in any other manner that the Department considers to be helpful
24 or necessary.

25 (c) On request of the property tax assessment appeal board for the county in
26 which the property is located, the Director shall order a review of any real property
27 assessment.

28 (d) When reviewing real property under this section, the Department may
29 use property description cards, property location maps, land classification maps, unit
30 value maps, land use maps, zoning maps, records of new construction, sales records,
31 building cost information, private appraisals, periodic surveys of assessment ratios, or
32 any other material or information that the Department considers to be a reliable aid in
33 determining real property value.

1 8–103.

2 (a) [(1)] In this section [the following words have the meanings indicated.

3 (2) “New], “NEW statewide value” means the [phased in] value of all
4 real property subject to property tax on January 1 preceding any taxable year,
5 excluding the [phased in] value of real property assessed for the 1st time during the
6 calendar year beginning on that January 1.

7 [(3) “Phased in value” means for the 1st, 2nd, or 3rd year of a 3–year
8 cycle:

9 (i) the prior value of real property increased by one–third,
10 two–thirds, or the full amount by which the value increased over the prior value based
11 on a physical inspection of the real property; or

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

14 (4) “3–year cycle” means a continuous series of 3 calendar year periods
15 beginning for each period with the 1st calendar year after the calendar year in which a
16 physical inspection of real property is made under § 8–104(b) of this subtitle.]

17 (b) On or before January 1 of each year, the Department shall determine the
18 new statewide value.

19 (c) (1) Except as provided in this subsection, the assessment of real
20 property is its [phased in] value.

21 (2) The assessment of the real property described in § 8–102(b) of this
22 subtitle is its [phased in] use value.

23 (3) The assessment of the operating real property described in §
24 8–108(c) of this subtitle is its value.

25 (4) The assessment of the operating real property described in §
26 8–109(c) of this subtitle is its value.

27 8–104.

28 (a) Real property shall be valued separately for:

29 (1) the land; and

30 (2) the improvements on the land.

1 (b) (1) Notwithstanding a revaluation under subsection (c) of this section,
2 the Department or supervisor shall value all real property once [in every 3-year cycle
3 based on an exterior physical inspection of the real property] **EACH YEAR.**

4 (2) **AT LEAST ONCE EVERY 3 YEARS, THE DEPARTMENT OR**
5 **SUPERVISOR SHALL VALUE ALL REAL PROPERTY BASED ON AN EXTERIOR**
6 **PHYSICAL INSPECTION.**

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

10 (c) (1) [In any year of a 3-year cycle, real] **REAL** property shall be
11 revalued if any of the factors listed below causes a change in the value of the real
12 property:

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

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

16 (iii) substantially completed improvements are made which add
17 at least \$50,000 in value to the property;

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

20 (v) a residential use assessment is terminated pursuant to §
21 8-226 of this title; or

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

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

27 (i) determine the value that would have resulted if the
28 revaluation had occurred for the 1st year of the 3-year cycle;

29 (ii) determine the value that would have resulted if the
30 revaluation had occurred for the 1st year of the preceding 3-year cycle; and

31 (iii) adjust the phased-in value for each of the years remaining
32 in the 3-year cycle to reflect the change that results from the revaluation.

1 (3)] The Department or supervisor shall revalue real property under
2 paragraph (1)(i), (ii), (iv), (v), and (vi) of this subsection on the semiannual date of
3 finality. The revaluation shall be effective for the taxable year beginning on the
4 semiannual date of finality, if the notice under this title is sent no later than 30 days
5 after the semiannual date of finality.

6 [(4)] (3) The Department or supervisor shall revalue real property
7 under paragraph (1)(iii) of this subsection on the date of finality, semiannual date of
8 finality, or quarterly date of finality following the substantial completion of the
9 improvements to land.

10 (d) (1) The local agency responsible for zoning shall provide the
11 supervisor of assessments a list of each zoning classification change within 30 days of
12 the approval of the change.

13 (2) The list shall identify any zoning classification change initiated or
14 requested by the owner of the property or anyone having an interest in the property.

15 8-401.

16 (a) When any change as provided in subsection (b) of this section occurs in
17 the value or classification of any real property that a supervisor assesses, the
18 supervisor shall notify the owner or other appropriate person by a written notice of the
19 proposed change.

20 (b) A written notice is required for:

21 (1) an increase or decrease in an existing real property value;

22 (2) a change in the classification of the real property;

23 (3) establishment of an initial real property value;

24 (4) a decision on an assessment appeal or a petition to change an
25 existing real property value or classification; and

26 (5) a revaluation or reclassification, if a valuation or classification has
27 been appealed but not finally determined.

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

29 (1) the amount of the current value;

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

1 (3) [the amount of the proposed value that will be the basis for the
2 assessment in each year of the 3-year cycle;

3 (4)] a statement:

4 (i) indicating the right to appeal; and

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

7 [(5)] (4) a statement that valuation records are available as provided
8 by § 14-201 of this article.

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

11 (1) the amount of the current value;

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

13 (3) [the amount of the proposed value that is the basis for the
14 assessment in the applicable years of the 3-year cycle;

15 (4)] a statement:

16 (i) indicating the right of appeal; and

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

19 [(5)] (4) a statement that valuation records are available as provided
20 by § 14-201 of this article.

21 (e) The notice shall be served as provided by § 8-402 of this subtitle on or
22 before January 1 or any other date specified in this article.

23 (f) A failure to send a notice of any change in value or classification within
24 30 days after the date provided in subsection (e) of this section creates an irrebuttable
25 presumption that in the instances specified in subsection (b)(1) through (4) of this
26 section that the prior value has not changed unless:

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

29 (2) the zoning classification of the property changed during the
30 [current triennial cycle or the] previous calendar year, [whichever is earlier,]
31 resulting in an increased value of the property;

1 required under paragraph (6) of this subsection, the homestead credit percentage in
2 effect for the county for the preceding taxable year; and

3 (iii) for the municipal corporation property tax:

4 1. the homestead credit percentage established by the
5 municipal corporation under paragraph (4) of this subsection; or

6 2. if the municipal corporation has not set a percentage
7 under paragraph (4) of this subsection or has not notified the Department as required
8 under paragraph (7) of this subsection, the homestead credit percentage for the
9 taxable year for the county in which the property is located] **100% FOR THE STATE
10 PROPERTY TAX, THE COUNTY PROPERTY TAX, AND THE MUNICIPAL
11 CORPORATION PROPERTY TAX.**

12 [(3) Subject to paragraph (5) of this subsection, the Mayor and City
13 Council of Baltimore City and the governing body of a county on or before November
14 15 of any year shall set, by law, the homestead credit percentage for the taxable year
15 beginning the following July 1.

16 (4) Subject to paragraph (5) of this subsection, on or before November
17 25 of any year, the governing body of a municipal corporation may set or alter, by law,
18 a homestead credit percentage for the taxable year beginning the following July 1 and
19 any subsequent taxable year.

20 (5) The homestead credit percentage for any county or municipal
21 corporation property tax:

22 (i) may not be less than 100% or exceed 110% for any taxable
23 year; and

24 (ii) shall be expressed in increments of 1 percentage point.

25 (6) The Mayor and City Council of Baltimore City and the governing
26 body of a county shall notify the Department of any action taken under paragraph (3)
27 of this subsection on or before November 15 preceding the taxable year for which the
28 action is taken.

29 (7) A municipal corporation shall notify the Department of any action
30 taken under paragraph (4) of this subsection on or before November 25 preceding the
31 taxable year for which the action is taken.]

32 SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall
33 take effect June 1, 2009, and shall be applicable to all taxable years beginning after
34 June 30, 2009, but before July 1, 2010. It shall remain effective for a period of 1 year
35 and 1 month and, at the end of June 30, 2010, with no further action required by the

1 General Assembly, Section 2 of this Act shall be abrogated and of no further force and
2 effect.

3 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
4 June 1, 2009.