

# SENATE BILL 302

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CF HB 188

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By: **Senators Glassman, Astle, Colburn, Garagiola, Klausmeier, Mooney, Peters, and Stone**

Introduced and read first time: January 28, 2009

Assigned to: Budget and Taxation

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## 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:

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

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

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

9 2-203.

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

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

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

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

20 (1) in areas;

21 (2) by character or use; or

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

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

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

33 8-103.

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

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

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

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

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

13 (4) “3–year cycle” means a continuous series of 3 calendar year periods  
14 beginning for each period with the 1st calendar year after the calendar year in which a  
15 physical inspection of real property is made under § 8–104(b) of this subtitle.]

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

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

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

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

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

26 8–104.

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

28 (1) the land; and

29 (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 (3) a substantial change occurred in the use or character of the  
 2 property during [the current triennial cycle or] the previous calendar year[, whichever  
 3 is earlier];

4 (4) extensive improvements have been made on the property during  
 5 [the current triennial cycle or] the previous calendar year, [whichever is earlier,] as  
 6 provided in § 8–104(c)(1)(iii) of this title;

7 (5) due to an error in calculating or measuring improvements on the  
 8 property the assessment for the previous taxable year was clearly erroneous; or

9 (6) the assessment has been decreased.

10 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
 11 read as follows:

12 **Article – Tax – Property**

13 9–105.

14 (e) (1) For each taxable year, the property tax credit under this section is  
 15 calculated by:

16 (i) multiplying the prior year’s taxable assessment by the  
 17 homestead credit percentage as provided under paragraph (2) of this subsection;

18 (ii) subtracting that amount from the current year’s assessment;  
 19 and

20 (iii) if the difference is a positive number, multiplying the  
 21 difference by the applicable State, county, or municipal corporation property tax rate  
 22 for the current year.

23 (2) For each taxable year, the homestead credit percentage under  
 24 paragraph (1)(i) of this subsection is[:

25 (i) for the State property tax, 110%;

26 (ii) for the county property tax:

27 1. the homestead credit percentage established by the  
 28 county under paragraph (3) of this subsection; or

29 2. if the county has not set a percentage for the taxable  
 30 year under paragraph (3) of this subsection or has not notified the Department as

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.