

## Chapter 253

**(House Bill 497)**

AN ACT concerning

**Property Tax – Exemption – Low Income Housing – Ownership by Limited Liability Company**

FOR the purpose of providing an exemption, under certain circumstances, from property tax for certain real property if, under certain circumstances, the owner of the real property is a certain limited liability company or is a certain limited partnership whose managing general partner is a certain limited liability company; providing that the real property may be exempt from property tax only under certain circumstances; making conforming changes; providing for the application of this Act; and generally relating to a property tax exemption for certain housing for low income families.

BY repealing and reenacting, with amendments,  
 Article – Tax – Property  
 Section 7–503  
 Annotated Code of Maryland  
 (2012 Replacement Volume and 2014 Supplement)

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

**Article – Tax – Property**

7–503.

(a) (1) In this subsection, “essential service facilities” includes dining halls, community rooms, and infirmaries.

(2) Real property that meets the requirements of subsection (b) of this section is not subject to property tax if the owner of the real property is:

(i) 1. A. a person who meets the ownership requirements of § 7–202 of this title;

B. a nonprofit corporation that is exempt from income tax under § 10–104 of the Tax – General Article; [or]

C. **A LIMITED LIABILITY COMPANY THAT IS WHOLLY OWNED BY A NONPROFIT CORPORATION THAT IS EXEMPT FROM INCOME TAX UNDER § 10–104(2) OF THE TAX – GENERAL ARTICLE; OR**

**D.** a nonprofit housing corporation as defined in § 12–104(b) of the Housing and Community Development Article; and

2. engaged solely in constructing, operating, or managing rental housing and other related essential service facilities that:

A. are substantially completed or substantially rehabilitated on and after July 1, 1973, or, in Montgomery County, substantially completed or substantially rehabilitated on and after January 1, 1968;

B. are partially or totally financed under a government program that provides housing for low income families; and

C. are operated on a nonprofit basis with the revenues from the operation of the housing and facilities controlled under the government program in order not to produce any net income; or

(ii) 1. a limited partnership whose managing general partner is:

A. a housing authority as defined in § 12–101 of the Housing and Community Development Article; [or]

B. a nonprofit corporation that is exempt from income tax under § 10–104(2) of the Tax – General Article;

**C. A LIMITED LIABILITY COMPANY THAT IS WHOLLY OWNED BY A NONPROFIT CORPORATION THAT IS EXEMPT FROM INCOME TAX UNDER § 10–104(2) OF THE TAX – GENERAL ARTICLE; or**

**D.** a for profit corporation in which 100% of the stock is owned by a nonprofit corporation that is exempt from income tax under § 10–104(2) of the Tax – General Article; and

2. engaged in the operation, construction, or management of a qualified low income housing project as defined in the Internal Revenue Code.

(b) The real property described in subsection (a) of this section may be exempt from property tax only if:

(1) the governing body of the political subdivision where the real property is located approves an agreement between:

(i) the political subdivision and the owner for real property described in subsection (a)(2)(i)1A [and], B, AND C and (a)(2)(ii)1B, C, AND D of this section; or

(ii) the county and, where applicable, municipal corporation and the owner for real property described in subsection [(a)(2)(i)1C] **(A)(2)(I)1D** and (a)(2)(ii)1A of this section; and

(2) under the agreement the owner pays the political subdivision or the county and, where applicable, municipal corporation a negotiated amount in lieu of the property tax.

(c) (1) Except as provided under paragraph (2) of this subsection, an agreement under subsection (b) of this section may provide for abating or reducing property tax previously imposed on the real property.

(2) For an agreement concerning real property described under subsection [(a)(2)(i)1C] **(A)(2)(I)1D** of this section, the abatement or reduction of property tax previously imposed is from the date during the taxable year when the instrument transferring title to that real property was recorded.

(d) (1) For property described in subsection (a)(2)(i)1 and 2 of this section, any amount negotiated under this section in lieu of the property tax shall be divided between the State and the political subdivision in the ratio that the tax rate of the State, and the political subdivision each bears to the total of the tax rates of the State and the political subdivision.

(2) For property described in subsection [(a)(2)(i)1C] **(A)(2)(I)1D** of this section, any amount negotiated under this section in lieu of property tax shall be divided between the county and, where applicable, the municipal corporation in the ratio that the tax rate of the county and municipal corporation each bears to the total of the tax rates of the county and municipal corporation. The payment to the county and, where applicable, the municipal corporation may not exceed an amount equal to property tax imposed on similar property.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2015, and shall be applicable to all taxable years beginning after June 30, 2015.

**Approved by the Governor, May 12, 2015.**