

LARRY HOGAN
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HEARING DATE: January 19, 2022

BILL: HB0069

TITLE: State Department of Assessments and Taxation – Real Property Assessments and Appeals

SDAT POSITION: LETTER OF INFORMATION

The State Department of Assessments and Taxation (SDAT) finds the language in proposed T-P, 14-516(B)(4) subsection (4) to be in violation of Article 15 of the Maryland Constitution. The provision states that the assessing authorities may consider "THE ASSESSMENT VALUE OF COMPARABLE PROPERTIES" in resolving real property assessment appeals. (Page 3, line 1).

Article 15 of the Maryland Constitution "requires that the same standard of value or economic yardstick must be used in making assessments within the same subclass." Lane v. Supervisor of Assessments of Montgomery Cnty., 447 Md. 454, 135 A.3d 828 (2016).

The subclasses of real property are set forth in T-P, 8-101. The "economic yardstick" for the biggest subclass of real property in the State has been legislatively determined to be "full cash value". T-P, 1-101(qq). "Full cash value" is determined based on three widely accepted appraisal approaches, one of which is comparable sales in the marketplace (as opposed to comparable assessments).

This proposed legislation will interject a new economic yardstick into valuing property in the same subclass that deviates from the full cash value standard - i.e., comparable assessments. Therefore, one account of real property that has not appealed its assessment could be valued based on market sales. The account in the same class right next door that has appealed could be valued using a completely different standard, comparable assessments. This is contrary to the principle of uniformity that Article 15 guarantees to preserve to the citizens.

Furthermore, there is an existing Court of Appeals case that is contrary to this bill. See Samet v. Supervisor of Assessments of Balt. City, 290 Md. 357, 361 (1981) (explaining that an owner whose

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property has been properly assessed according to the fair market value will not receive a reduced assessment even when neighboring properties may have been assessed at a lesser valuation).

For these reasons, SDAT offers this Letter of Information for HB0069 and strongly recommends a reconsideration of the bill in its current form.