



MARYLAND  
CATHOLIC  
CONFERENCE

January 19, 2023

Senate Bill 122

**Property Tax Exemption – Religious Group or Organization – Third Party Leases**

**Senate Budget & Taxation Committee**

**Position: SUPPORT WITH AMENDMENT**

The Maryland Catholic Conference (“Conference”) represents the public policy interests of the three Roman Catholic (arch)dioceses serving Maryland: the Archdiocese of Baltimore, the Archdiocese of Washington, and the Diocese of Wilmington.

The Conference supports w/ amendment Senate Bill 122. This bill would provide that real property owned by a religious group or organization that is leased to a third party would not qualify for a certain property tax exemption.

The proposed language is worded much too broadly, and this area of the law is incredibly complex. The way the law has been interpreted is that if an exempt entity leases property for actual rent, then that property is not eligible for exemption. But if an exempt entity leases property for mere expenses, such as the cost of operating the property (maintenance and utilities) – if it is not a net lease - then the property can still be exempt.

However, the language in this bill stating that the property “does not qualify” could be interpreted as not allowing for any portion of the property to be treated as tax-exempt. In that case, any lease by a religious group or charitable organization to a third party – even for \$1 – could render the property completely taxable.

To fix this issue we would propose the following amendment be inserted on Page 2 line 8:

**(3) THIS SUBSECTION DOES NOT APPLY WHEN THE LESSEE IS A NONPROFIT CHARITABLE OR RELIGIOUS ORGANIZATION AND THE LEASED PROPERTY IS ACTUALLY USED EXCLUSIVELY FOR RELIGIOUS, EDUCATIONAL, OR CHARITABLE PURPOSES.**

It is for these reasons that the Maryland Catholic Conference respectfully asks you to support this bill with the suggested amendment. Thank you for your consideration.

