

HOUSE BILL 497

Q1

5lr1391
CF SB 356

By: **Delegate Anderson (By Request – Baltimore City Administration) and
Delegates Conaway, Glenn, Haynes, and B. Robinson**

Introduced and read first time: February 11, 2015

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

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

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

12 BY repealing and reenacting, with amendments,
13 Article – Tax – Property
14 Section 7–503
15 Annotated Code of Maryland
16 (2012 Replacement Volume and 2014 Supplement)

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

19 **Article – Tax – Property**

20 7–503.

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

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (i) 1. A. a person who meets the ownership requirements of
2 § 7–202 of this title;

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

5 C. **A LIMITED LIABILITY COMPANY THAT IS WHOLLY**
6 **OWNED BY A NONPROFIT CORPORATION THAT IS EXEMPT FROM INCOME TAX UNDER**
7 **§ 10–104(2) OF THE TAX – GENERAL ARTICLE; OR**

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

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

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

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

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

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

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

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

25 C. **A LIMITED LIABILITY COMPANY THAT IS WHOLLY**
26 **OWNED BY A NONPROFIT CORPORATION THAT IS EXEMPT FROM INCOME TAX UNDER**
27 **§ 10–104(2) OF THE TAX – GENERAL ARTICLE; or**

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

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

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

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

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

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

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

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

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

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

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

33 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
34 1, 2015, and shall be applicable to all taxable years beginning after June 30, 2015.