

Take Advantage of “60-Day Rule” for Reducing Property Taxes

**Michael G. Campbell
Miller, Miller & Canby
Rockville, MD**

“What you don’t know won’t hurt you,” goes the old proverb. But in tough economic times the better practice is to arm yourself with information that saves money. This applies to the “appeal upon purchase” right granted to new property owners. Many purchasers of residential and commercial property in Maryland don’t know they have a special right to appeal their property assessment during the first 6 months of the year. This article explains the buyer’s right to appeal under the “60-day Rule.”

Each December, the State Department of Assessments and Taxation (SDAT) issues a new assessment notice to one-third of all non-exempt property owners in each county in Maryland.¹ This triennial reassessment notice sets forth the local assessor’s opinion of the value of the property for taxation purposes for the following three (3) years. The owner has right to file an appeal of the assessment and seek a hearing with the assessor. During the last ten years, the percentage of property accounts appealed has been quite low, ranging between 4% and 7% of all accounts state-wide. Recent statistics from SDAT indicate that 5.4% of all property owners across Maryland filed an appeal in fiscal year 2009; only 3.5% filed an appeal in fiscal year 2010; and 4.4% filed an appeal in fiscal year 2011.² (The fiscal year extends from July 1st to June 30th of the following year.)

In addition to the triennial method of reassessing properties, the local assessment office also has the option of reassessing property whenever ownership is transferred *during* the year. The assessment office, with the exception of Baltimore City, receives a copy of all deeds and property

sales prices as the deed transferring the property is recorded with the clerk of the court. In Baltimore City, the Department of Public Works handles the data entry and provides the information to the assessment office.

After reviewing the transfer data and other market information, the assessor may decide to increase the assessment, decrease it or leave it alone. Whatever decision the assessor makes, the property purchaser can elect to file an “out of cycle” appeal of the assessment. Purchasers of properties that are transferred after January 1 and before July 1 have a special right to appeal the assessment within sixty (60) days of the date of transfer.³ For transfers completed after June 30, the purchaser must wait until year-end for any appeal to be processed.

The Maryland Code defines the transfer date as the date of delivery of the deed, which is “presumed to be the date of the last acknowledgement, if any, or the date stated on the deed, whichever is later.”⁴ The transfer date will typically be the date of settlement when the deed and other relevant documents are signed, as opposed to the date of the contract or the date the deed is recorded. Under this statutory framework, a purchaser who entered into a contract toward the end of the year, but did not go to settlement until after January 1st, can still take advantage of the rule. It also allows for appeals to be filed after July 1st if the date of the delivery of the deed was prior to July 1st. The new owner must closely follow the 60-day calendar to benefit from the appeal right.

Although SDAT does not keep separate statistics for appeals filed under the 60-day rule, it is believed that the appeal numbers are very small due to the public’s lack of knowledge about the rule. Other than a two-sentence reference on SDAT’s website, this valuable right is not widely advertised.

The process for filing the appeal is similar to the standard out-of-cycle appeal. The owner must begin by requesting a hearing with the local assessment office to review the assessment. Of course, not every new purchase merits an appeal of the existing assessment. If the assessment is less than or equivalent to the purchase price, it will be difficult to challenge the assessment unless the purchaser can articulate some reason for paying more than the fair market value.

¹ Exempt properties include government-owned properties, cemeteries, certain properties used exclusively for charitable, educational or religious purposes, and other specially designated properties.

Md. Code Ann. Tax Prop. § 7-101 *et seq.*

² Source: State Department of Assessment and Taxation

³ Md. Code Ann., Tax Prop. § 14-502(a)(2).

⁴ Md. Code Ann., Real Prop. § 3-201