



Town of Upper Marlboro

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MEMORANDUM

To: Board of Town Commissioners
From: Kyle Snyder, Town Administrator
Date: Tuesday August 2nd, 2022
Re: New Town Tax Rates

Commissioners,

The Board has discussed adding these below two rates several times over the past few months. IF the Board wishes to move forward, staff can work with Town Attorney Best to develop an enabling Ordinance for the Board to introduce at either the August Town Meeting, or discuss at the

Agriculture-Use Tax

The Board has discussed implementing a lower tax rate for properties that are primarily use for agriculture and have little to no structures on them. A possible tax rate is \$0.25 per \$100 assessed value.

Vacant Developed Real Property Tax

This tax is aimed to incentivize redevelopment of commercial properties within the Town limits. Vacant developed property tax is an established real property tax classification for vacant buildings different from those established under the Maryland code. Vacant developed property shall be classified with Prince George's County and be billed accordingly. Any parking lots or gravel lots, that do not have a valid Town Business license to operate will also be subjugated to this rate. A lot with no structures that is either grass or all vegetation would not be subject to this tax rate as it is "green space".

Staff would like to send notification letters to property owners who may be affected (properties identified as possibly being vacant) prior to the Board introducing this Ordinance. This will allow the property owners a chance to provide comment or insight, or even advise the Town that the property is not vacant and provide a business occupying the structure that can be sent a Town Business License application.

The City of Mount Rainier is the only other municipality in the County to have this rate, with their tax rate being \$2.50 per \$100 of assessed valuation. In FY22 they budgeted this tax rate to generate \$190,000 in revenue.

DRAFT Language- Vacant Property Tax Ordinance

- A. The definitions prescribed shall apply to this Section.
- B. The municipal tax rate for vacant developed property shall be the amount established by the Ordinance setting the tax rate for that fiscal year on assessments of property subject to municipal property tax.
- C. A lot or parcel shall be subject to the vacant developed property tax rate if it has a building that is registered or designated by the Town Administrator as a vacant building.
- D. For mixed-use commercial and residential properties with a vacant commercial portion, the vacant developed property tax rate shall apply only to the assessed value of the improved area containing the vacant commercial portion, which shall be determined by multiplying the total assessed value of the improvements by the percentage of the improved area consisting of the vacant commercial portion.
- E. The vacant developed property tax rate shall not apply to a lot or parcel with a vacant utilitarian industrial? building if the property also has an occupied building that has an above-grade area equal to or greater than that of the utilitarian building.
- F. Vacant developed property shall not be subject to the vacant developed property tax rate when it is under active construction or undergoing active rehabilitation, renovation, or repair, and there is a valid building permit to make the building fit for occupancy. The exemption from the vacant developed property tax rate under this paragraph shall not exceed a total of two (2) years while the property remains under the ownership of one (1) person or related persons.
- G. The Town Administrator shall transmit to the Prince George's County tax assessor a list of properties subject to the vacant developed property tax by May 1 of each year, and the vacant developed property tax rate will be levied upon the properties the following fiscal year.
- H. When a property becomes occupied or exempt from the vacant developed property tax rate pursuant to Subsection F, the owner shall notify the Town Administrator in the manner as may be prescribed by regulation. If the request for termination of the vacant developed property tax rate is approved, the termination shall be effective the following fiscal year.
- I. If the vacant developed property tax rate is paid on a property because of an error on the part of the Town, the municipal property tax paid in excess of the taxes due under the regular municipal rate shall be refunded. Refunds pursuant to this subsection shall not exceed the value of the excess payment for a period of one (1) year.
- J. The Town Administrator will, upon request, provide written notice to the lenders for prospective purchasers of vacant developed property that the property will not be subject to the vacant developed property tax rate commencing the following fiscal year if the property is occupied or satisfies the requirements of Subsection E.

Exceptions.

A. Temporary exception for death of owner-occupant

1. A residential property that becomes vacant as a result of the death of an owner of the property who resided at the property or for whom the property was their domicile at the time of their death shall not constitute a vacant developed property for a period of two (2) years after the date of death.
2. To qualify for this exemption, a representative of the estate of the deceased must provide the Town Administrator with a copy of the death certificate and proof that, on the date of death, the deceased resided at the property, or the property was their domicile.
3. Domicile means the place where a person has his or her true, fixed, permanent home, habitation and principal establishment, without any present intention of removing therefrom, and to which place he or she has the intent to return when absent.

B. Temporary exception for accidental damage.

1. An occupied residential property that becomes uninhabitable as a result of a fire or flood, unless intentionally caused by the owner or his or her agent, or a natural disaster, shall not constitute a vacant developed property for a period of two (2) years after the incident that caused the property to become uninhabitable or unusable.
2. To qualify for this exemption, the owner must provide satisfactory proof to the Town Administrator that the property is uninhabitable as a result of a fire, flood, or natural disaster, and the date the fire, flood, or natural disaster occurred. Examples of records that may constitute satisfactory proof include, but are not limited to, police and fire reports, insurance company correspondence and claim documentation, news and weather reports, photographs, videos, and code enforcement inspection records.