COURT OF APPEALS OF MARYLAND

Supervisor of Assessments of Baltimore County v. William Cardinal Keeler, Archbishop of Baltimore

362 Md. 198 (2001) (Md. Ct. App. 2001) · No. No. 85, Sept. Term, 1999 · Decided January 4, 2001

SUMMARY

The Maryland Court of Appeals considered whether 16.5 acres of open space within a 27-acre church property qualified for Maryland's property-tax exemption for property actually and exclusively used for public religious worship. The court affirmed the exemption, holding that the entire parcel could be viewed as an integrated whole where zoning restrictions and covenants limited the disputed acreage to open-space use supporting the church and prohibited commercial or residential development. The court also applied deferential substantial-evidence review to the Maryland Tax Court's factual findings.

CASE DETAILS

COURT	Court of Appeals of Maryland
WRITING FOR THE COURT	Bell, C.J.; Eldridge, J.; Rodowsky, J.; Raker, J.; Wilner, J.; Cathell, J.; Harrell, J.
JURISDICTION	Maryland
DECIDED	January 4, 2001
DOCKET	No. 85, Sept. Term, 1999
DISPOSITION	affirmed
PROCEDURAL POSTURE	The Supervisor of Assessments appealed an administrative property-tax exemption decision through the Maryland Tax Court and Circuit Court for Baltimore County. The Court of Appeals of Maryland granted certiorari on its own motion and affirmed the circuit court.
STANDARD OF REVIEW	The court reviews the Maryland Tax Court's legal conclusions without deference and reviews factual determinations for substantial evidence. Under the substantial-evidence standard, the court asks whether a reasoning mind reasonably could have reached the agency's factual conclusion, viewing the agency's decision in the light most favorable to the agency and deferring to its factfinding and reasonable inferences.
PRECEDENTIAL VALUE	Published precedential opinion of the Maryland Court of Appeals

PARTIES	Supervisor of Assessments of Baltimore County v. William Cardinal Keeler, Archbishop of Baltimore

TOPICS

property tax · tax exempt organizations · administrative law · judicial review of agency action · statutory interpretation

PRACTICE AREAS

property tax · tax exemption · administrative law · real estate

QUESTIONS PRESENTED

1. Whether 16.5 acres of undeveloped open space within a church's restricted 27-acre parcel were actually and exclusively used for public religious worship under Maryland Tax-Property Article § 7-204.
2. What standard of judicial review applies to the Maryland Tax Court's legal and factual determinations in a property-tax exemption case.

HOLDINGS

1. A portion of a church parcel restricted by zoning and covenants to open-space use may qualify for the religious-worship exemption when the parcel is used as an integrated whole to support religious worship, the restricted acreage has no nonchurch use, and the administrative finding that the entire parcel supports worship is supported by substantial evidence.
2. A reviewing court may reverse a Maryland Tax Court decision based solely on an erroneous legal conclusion, but must uphold factual determinations supported by substantial evidence and may not substitute its judgment for the agency's reasonable factual inferences.

KEY QUOTATIONS

> *"We believe that the determination of whether a parcel of land is tax exempt does not turn on the property's level of development. Rather, under § 7-204 the exemption depends on the actual use of the property and whether that religious worship use is exclusive."* (833-834)

> *"Where a portion of a parcel of real property on which a church has been constructed is, by virtue of zoning and covenants restricted to open space use, thus prohibiting any other use, that does not serve automatically to demarcate the parcel, nor does it necessarily serve to infringe, usurp, or preempt the primary use of the property."* (834)

FACTUAL BACKGROUND

The Roman Catholic Church acquired a 27-acre parcel in Baltimore County to construct a church. Zoning approval limited church development to a 7.5-acre envelope and required the remaining acreage to remain open space or agricultural land, with substantial restrictions on future construction. The Supervisor exempted the developed church property and three acres used for storm-water management and a septic system, but denied an exemption for 16.5 acres of restricted open space; the administrative tribunals treated the parcel as a single unit supporting religious worship.

PROCEDURAL HISTORY

The Supervisor granted a religious-use property-tax exemption for most of the church's developed property and three acres used for storm-water management and a septic system, but denied the exemption for 16.5 acres of restricted open space. The Property Tax Assessment Appeals Board extended the exemption to the disputed acreage, and the Maryland Tax Court and Circuit Court for Baltimore County affirmed. The Court of Appeals affirmed the circuit court's judgment.

DISPOSITION

affirmed

CASES CITED

- Read v. Supervisor of Assessments of Anne Arundel County, 354 Md. 383, 731 A.2d 868 (1999)
- Supervisor of Assessments v. Trustees of Bosley Methodist Church Graveyard, 293 Md. 208, 443 A.2d 91 (1982)
- Friends School v. Supervisor of Assessments of Baltimore City, 314 Md. 194, 550 A.2d 657 (1988)
- Ballard v. Supervisor of Assessments of Baltimore County, 269 Md. 397, 306 A.2d 506 (1973)
- Bullis School, Inc. v. Appeal Tax Court, 207 Md. 272, 114 A.2d 41 (1955)
- Morning Cheer, Inc. v. Board of County Commissioners, 194 Md. 441, 71 A.2d 255 (1950)
- Gibbons v. District of Columbia, 116 U.S. 404, 6 S. Ct. 427, 29 L. Ed. 680 (1886)
- Assessors of Dover v. Dominican Fathers Province of St. Joseph, 334 Mass. 530, 137 N.E.2d 225 (1956)
- Green Acre Baha'i Institute v. Eliot, 150 Me. 350, 110 A.2d 581 (1954)
- Pickens County Board of Tax Assessors v. Atlanta Baptist Association, Inc., 191 Ga. App. 260, 381 S.E.2d 419 (1989)
- National Music Camp v. Green Lake Township, 76 Mich. App. 608, 257 N.W.2d 188 (1977)
- Supervisor of Assessments v. Carroll, 298 Md. 311, 469 A.2d 858 (1984)
- State Department of Assessments and Taxation v. Consumer Programs, 331 Md. 68, 626 A.2d 360 (1993)
- Chesapeake and Potomac Telephone Co. of Maryland v. Comptroller of the Treasury, Retail Sales Tax Division, 317 Md. 3, 561 A.2d 1034 (1989)
- State Department of Assessments & Taxation v. Maryland-National Capital Park and Planning Commission, 348 Md. 2, 702 A.2d 690 (1997)