

PPE Casino Resorts * In the Maryland Tax Court
Maryland, LLC
v. * No. 18-RP-AA-0507
Supervisor of Assessments for
Anne Arundel County *

Memorandum and Order

This disputed assessment before the Maryland Tax Court (“Court”) is for a parcel of land serving as a parking lot (“Lot”) for the Maryland Live! Casino & Hotel and event venue (“Casino”). The Casino and Lot were part of an appeal from which the parking lot was severed as part of a December 20, 2024, settlement of the assessment on the Casino itself. The date of finality is January 1, 2017. On that date, the subject property was vacant. For the reasons stated below, the Court REVERSES the decision of the Property Tax Assessment Appeals Board for Anne Arundel County and sets the value of the subject property at \$1,750,000.

The subject parcel, consisting of 7.274 acres, is owned by Arundel Mills Residual Limited Partnership (“Landlord”) which is an affiliate of Arundel Mills Limited Partnership (“AMLP”), the owner of Arundel Mills Mall. Pet’r’s Ex. 1 at 1. The Lot is subject to a 99-year ground lease signed on June 15, 2015, between the Landlord and PPE Casino Resorts Maryland Developer, LLC (“Tenant”) of which the Petitioner is a wholly owned subsidiary. *Id.* Similarly, the AMLP and Tenant have a ground lease relationship for the 12.56 acres on which the Casino itself sits. *Id.*

The terms of the ground lease for the Lot contain a number of restrictions:

- Tenant accepts the premises “as is.”
- Tenant must construct an offsite parking facility on the Lot to contain at least 650 surface spaces.
- Tenant must meet certain performance deadlines and construction standards.
- Lot may only be used for parking for employees and customers of the Casino (including the hotel and event center).
- Parking must be free at all operational hours for all employees and customers of the Casino (including the hotel and event center).

- Tenant shall be responsible for all the costs of the operation of the parking lot, including utilities, maintenance, insurance, and real estate taxes.
- The 99-year duration of the lease begins with the earlier opening of the lot for business or June 15, 2018.
- The annual rent is \$10.00 with no escalation clause. *Id.*

The Respondent mainly used the sales comparison approach to value the subject property, arriving at an indicated value of \$4,687,800 and an assessed value of \$4,290,600. Resp't's Ex. 2 at 4. The Respondent's July 3rd Post Hearing Memorandum ("Memorandum") strongly encouraged the use of the cost approach. Memorandum at 2. The Court is not persuaded that the cost approach should be used for valuing vacant land. The Respondent's witness, Mr. Sean Hensley, testified that he considered, but did not use, an income approach because the Parking Lot Ground Lease did not reflect the Lot's full cash value nor did the property generate income.

Mr. Ronald Lipman, the Petitioner's witness, authored a 142-page appraisal using none of the usual approaches to value (cost, sales comparison, or income capitalization) and reached a value of \$0, indicating: "Value conclusion reflects the restrictions imposed by the lease and the tie-back concept where any value attributed to the subject [Lot] is reflected in the value of a nearby tax parcel [i.e., Casino]." Pet'r's Ex. 1 at 3. Petitioner did not submit any other value using any other approach.¹ Petitioner argued that because the lease was an arm's length transaction and was *bona fide*, the contract value equates to the market value of ten dollars per year, pointing to no value for assessment purposes. Mr. Lippman did testify that the present value of the ground lease over the remaining years was \$161, suggesting a nominal valuation. While acknowledging that Mr. Lipman's testimony bordered on legal conclusions, the Court finds that the Petitioner did meet its burden of proof by providing affirmative evidence that the assessment was incorrect.

¹ Mr. Lipman's appraisal contains the following statement: "Due to the terms of the lease and considering the concept of tie-back value, the subject has no independent value. However, for the purpose of this report, we completed a sales comparison approach reflecting the subject's value if it did not have the restrictions or tie-back concept in-place." Pet'r's Ex. 1 at 2. This witness, however, did not provide figures relating to the sales comparison approach to the Court.

Both parties argued in their favor for the holdings in two prior cases: *Supervisor of Assessments of Alleghany County v. The Ort Children Trust Four*, 294 Md. 195 (1982) (“Ort”) and *Supervisor of Assessments of Prince George’s County v. Berman, et al.*, 81 Md. App. 675 (1990) (“Berman”). Both involved leases that were at market value when the contract was made, but the rents were well below market value at the time of the assessments. Both decisions indicate that the contract value should be considered in the assessment, but neither hold that the contract value needed to form the basis of the full cash value at the date of finality many years later. Moreover, both involved *bona fide* rental values at the time the leases were signed. While the holdings in both cases require consideration of the original lease amount, neither had an original lease amount in the neighborhood of ten dollars per year. Thus, this Court finds precedent for the legal holdings in those cases, that is, consideration must be given to the contract lease amount, but finds that the two cases on the facts are highly distinguishable from the present case.²

The Court finds that the following statement from Respondent’s Exhibit 2 carries a great amount of logic and good sense: “The income method is reliable only when the property itself is the income producer.” Resp’t’s Ex. 2 at 4. Here, the Lot is not an income producer. Although the Petitioner argues that it did not use the income approach to value the Lot, its argument is steeped in the belief that a property with a lifetime ten dollars per year rental income, with a present value of \$161, has a value of \$0 for assessment purposes. The Court cannot go that far.

Further, if the Casino properties obtain parking elsewhere or arrange to build a parking structure on part of the Lot to cover the free parking obligation or negotiate for a reduced parking requirement with the government, the remaining portion of this rather large Lot can become more usable for other income-producing purposes. These future possibilities are part of the present Lot

² Maryland law states that a lease amount is not *bona fide* if it is substantially less than fair market rent for the property. MD. CODE ANN., REAL PROP. § 7-105.8 (b)(1)(iii). Thus, the Court might be fully justified in this case not to consider the subject lease value of ten dollars per year, at all. Moreover, the subject ground lease was assigned in 2021 for \$10,994,600 (Resp’t’s Ex. 1), which could be further evidence that the original rent was not *bona fide* and/or that the nominal value was not correct for 2017. Because of provisions of the lease other than price, namely the many encumbrances, the Court did take the lease into account in determining the full cash value.

value. Note that the lease does not rule out such modifications, nor does petitioner's witness.

Pet'r's Ex. 1 at 32, 45–119.

The Court recognizes the lease amount and gives it the weight that it deserves as a starting point in lieu of the comparable sales approach of the Respondent. However, the Respondent did not make any reductions in value related to the many encumbrances (features of obsolescence) in the lease. There are three types of obsolescence – functional, physical, and economic. Here we have, in the lease itself, functional obsolescence (e.g., must be used for free parking) and economic obsolescence (ten dollars per year rent for more than 7 acres of otherwise buildable vacant land), and there are examples of physical obsolescence not in the lease (e.g., the location is not on a well-traveled thoroughfare and has some access issues) that make it less valuable than some of the other sales comparison properties.

The Court is not “setting aside” the lease, in the words of the Petitioner’s July 3rd Post-Trial Brief at 4, but carefully considering it to reduce the value obtained by the Respondent’s approach. On the other hand, the Court is not persuaded by Respondent’s Memorandum at 2, arguing that the Court “must affirm” the value of the Property Tax Assessment Appeals Board “where each party undermines the other’s evidence,” citing an unreported appellate decision.³

Using the Respondent’s comparable sales approach, the Court finds the “Analysis of Comparable Sales,” Resp’t’s Ex. 2, at 5, most revealing. The closest parcel to the Lot in question, Comparable 1, a lot of only 1.05 acres, is only 0.4 miles away and sold for precisely \$2M in December 2015, the date closest to the date of finality of all the comparable properties. The parcel closest in price to the respondent’s value of \$4,290,600 is Comparable 2, which also happens to be the closest in size – 9.46 acres – with a sales price of \$5,379,500 in May 2014. Comparable 3 is the farthest away (9.3 miles) with a size of 4.5 acres and a June 2014 sale price of exactly \$3M.

³ *BWI II, LP v. Supervisor of Assessments of Anne Arundel County*, No. 773, Sept. Term, 2020, 2022 WL 304003 (Md. Ct. Spec. App. Feb. 2, 2022).

Taking all the evidence into account, including the lease of the land with all of its present restrictions and limited, but available, future possibilities, the Court finds that a value of \$1,750,000 is warranted.

For the reasons stated above, the Maryland Tax Court, on this NINTH day of OCTOBER 2025 hereby REVERSES the decision of the Property Tax Assessment Appeals Board for Anne Arundel County and sets \$1,750,000 as the full cash value of the property in the above-captioned appeal for tax year 2017.

CC: Kevin Kozlowski, Esq.

Vincent Guida, Esq.

Katrina Wiggins, Administrator

CERTIFIED TRUE COPY
TEST: Andrew Berg, Clerk

NOTICE: You have the right of appeal from the above Order to the Circuit Court of any County or Baltimore City, wherein the property or subject of the assessment may be situated. The Petition for Judicial Review **MUST** be filed in the proper Court within thirty (30) days from the date of the above Order of the Maryland Tax Court. Please refer to Rule 7-200 et seq. of the Maryland Rules of Court, which can be found in most public libraries.