
By: **Chairman, Ways and Means Committee (By Request - Departmental - Assessments and Taxation)**

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Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 2, 2004

CHAPTER 43

1 AN ACT concerning

2 **Homestead Tax Credit - Damaged Property**

3 FOR the purpose of providing for the continuation of the Homestead Tax Credit under
4 certain circumstances for property receiving the Homestead Tax Credit that was
5 damaged due to an accident or natural disaster; making certain property eligible
6 for the credit for certain taxable years regardless of the condition of certain
7 property; altering the calculation of an abatement due to an accident or natural
8 disaster; providing for the application of this Act; making this Act an emergency
9 measure; and generally relating to the Homestead Tax Credit program.

10 BY repealing and reenacting, with amendments,
11 Article - Tax - Property
12 Section 9-105
13 Annotated Code of Maryland
14 (2001 Replacement Volume and 2003 Supplement)

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

17 **Article - Tax - Property**

18 9-105.

19 (a) (1) In this section the following words have the meanings indicated.

20 (2) (i) "Dwelling" means:

- 1 1. a house that is:
- 2 A. used as the principal residence of the homeowner; and
- 3 B. actually occupied or expected to be actually occupied by
- 4 the homeowner for more than 6 months of a 12-month period beginning with the date
- 5 of finality for the taxable year for which the property tax credit under this section is
- 6 sought; and
- 7 2. the lot or curtilage on which the house is erected.
- 8 (ii) "Dwelling" includes:
- 9 1. a condominium unit that is occupied by an individual who
- 10 has a legal interest in the condominium;
- 11 2. an apartment in a cooperative apartment corporation that
- 12 is occupied by an individual who has a legal interest in the apartment; and
- 13 3. a part of real property used other than primarily for
- 14 residential purposes, if the real property is used as a principal residence by an
- 15 individual who has a legal interest in the real property.
- 16 (3) "Homeowner" means an individual who has a legal interest in a
- 17 dwelling.
- 18 (4) "Legal interest" means an interest in a dwelling:
- 19 (i) as a sole owner;
- 20 (ii) as a joint tenant;
- 21 (iii) as a tenant in common;
- 22 (iv) as a tenant by the entireties;
- 23 (v) through membership in a cooperative;
- 24 (vi) under a land installment contract, as defined in § 10-101 of the
- 25 Real Property Article; or
- 26 (vii) as a holder of a life estate.
- 27 (5) "Taxable assessment" means the assessment on which the State,
- 28 county, or municipal corporation property tax rate was imposed in the preceding
- 29 taxable year, adjusted by the phased-in assessment increase resulting from a
- 30 revaluation under § 8-104(c)(1)(iii) of this article, less the amount of any assessment
- 31 on which a property tax credit under this section is authorized.

32 (b) If there is an increase in property assessment as calculated under this

33 section, the State and the governing body of each county and of each municipal

1 corporation shall grant a property tax credit under this section against the State,
2 county, and municipal corporation property tax imposed on real property by the State,
3 county, or municipal corporation.

4 (c) (1) If a dwelling is not used primarily for residential purposes, the
5 Department shall apportion the total property assessment between the part of the
6 dwelling that is used for residential purposes and the part of the dwelling that is not
7 used for residential purposes.

8 (2) If a homeowner does not actually reside in a dwelling for the required
9 time period because of illness or need of special care and is otherwise eligible for a
10 property tax credit under this section, the homeowner may qualify for the property
11 tax credit under this section.

12 (3) IF A HOMEOWNER OTHERWISE ELIGIBLE FOR A CREDIT UNDER THIS
13 SECTION DOES NOT ACTUALLY RESIDE IN A DWELLING FOR THE REQUIRED TIME
14 PERIOD BECAUSE THE DWELLING IS DAMAGED DUE TO AN ACCIDENT OR NATURAL
15 DISASTER, THE HOMEOWNER MAY CONTINUE TO QUALIFY FOR A CREDIT UNDER
16 THIS SECTION FOR THE CURRENT TAXABLE YEAR AND 2 SUCCEEDING TAXABLE
17 YEARS EVEN IF THE DWELLING HAS BEEN REMOVED FROM THE ASSESSMENT ROLL
18 IN ACCORDANCE WITH § 10-304 OF THIS ARTICLE.

19 (d) (1) The Department shall authorize and the State, a county, or a
20 municipal corporation shall grant a property tax credit under this section for a
21 taxable year unless during the previous taxable year:

22 (i) the dwelling was transferred for consideration to new
23 ownership;

24 (ii) the value of the dwelling was increased due to a change in the
25 zoning classification of the dwelling initiated or requested by the homeowner or
26 anyone having an interest in the property;

27 (iii) the use of the dwelling was changed substantially; or

28 (iv) the assessment of the dwelling was clearly erroneous due to an
29 error in calculation or measurement of improvements on the real property.

30 (2) A homeowner must actually reside in the dwelling by July 1 of the
31 taxable year for which the property tax credit under this section is to be allowed.

32 (3) A homeowner may claim a property tax credit under this section for
33 only 1 dwelling.

34 (4) If a property tax credit under this section is less than \$1 in any
35 taxable year, the tax credit may not be granted.

36 (e) (1) For each taxable year, the property tax credit under this section is
37 calculated by:

1 (i) multiplying the prior year's taxable assessment by the
2 homestead credit percentage as provided under paragraph (2) of this subsection;

3 (ii) subtracting that amount from the current year's assessment;
4 and

5 (iii) if the difference is a positive number, multiplying the difference
6 by the applicable State, county, or municipal corporation property tax rate for the
7 current year.

8 (2) For each taxable year, the homestead credit percentage under
9 paragraph (1)(i) of this subsection is:

10 (i) for the State property tax, 110%;

11 (ii) for the county property tax:

12 1. the homestead credit percentage established by the county
13 under paragraph (3) of this subsection; or

14 2. if the county has not set a percentage for the taxable year
15 under paragraph (3) of this subsection or has not notified the Department as required
16 under paragraph (6) of this subsection, the homestead credit percentage in effect for
17 the county for the preceding taxable year; and

18 (iii) for the municipal corporation property tax:

19 1. the homestead credit percentage established by the
20 municipal corporation under paragraph (4) of this subsection; or

21 2. if the municipal corporation has not set a percentage
22 under paragraph (4) of this subsection or has not notified the Department as required
23 under paragraph (7) of this subsection, the homestead credit percentage for the
24 taxable year for the county in which the property is located.

25 (3) Subject to paragraph (5) of this subsection, the Mayor and City
26 Council of Baltimore City and the governing body of a county on or before November
27 15 of any year shall set, by law, the homestead credit percentage for the taxable year
28 beginning the following July 1.

29 (4) Subject to paragraph (5) of this subsection, on or before November 25
30 of any year, the governing body of a municipal corporation may set or alter, by law, a
31 homestead credit percentage for the taxable year beginning the following July 1 and
32 any subsequent taxable year.

33 (5) The homestead credit percentage for any county or municipal
34 corporation property tax:

35 (i) may not be less than 100% or exceed 110% for any taxable year;
36 and

1 (ii) shall be expressed in increments of 1 percentage point.

2 (6) The Mayor and City Council of Baltimore City and the governing
3 body of a county shall notify the Department of any action taken under paragraph (3)
4 of this subsection on or before November 15 preceding the taxable year for which the
5 action is taken.

6 (7) A municipal corporation shall notify the Department of any action
7 taken under paragraph (4) of this subsection on or before November 25 preceding the
8 taxable year for which the action is taken.

9 (f) The Department shall give notice of the possible property tax credit under
10 this section.

11 (g) A homeowner who meets the requirements of this section shall be granted
12 the property tax credit under this section against the State, county, and municipal
13 corporation property tax imposed on the real property of the dwelling.

14 (h) The tax credit under this section shall be included on the homeowner's
15 property tax bill.

16 (I) (1) WHEN PROPERTY THAT HAS RECEIVED A CREDIT UNDER THIS
17 SECTION FOR THE CURRENT TAXABLE YEAR INCLUDES IMPROVEMENTS THAT ARE
18 REMOVED FROM THE ASSESSMENT ROLL UNDER § 10-304 OF THIS ARTICLE BECAUSE
19 OF DAMAGE DUE TO AN ACCIDENT OR A NATURAL DISASTER:

20 (I) THE FULL BENEFIT OF THE PROPERTY TAX ABATEMENT
21 UNDER § 10-304 OF THIS ARTICLE ~~SHALL~~ MAY NOT BE DIMINISHED BY THE AMOUNT
22 OF THE CREDIT;

23 (II) THE FULL BENEFIT OF THAT CREDIT ~~SHALL~~ MAY NOT BE
24 DIMINISHED BY THE PROPERTY TAX ABATEMENT UNDER § 10-304 OF THIS ARTICLE
25 AND SHALL BE REFLECTED IN THE ASSESSMENT OF THE TOTAL PROPERTY,
26 INCLUDING ANY NEW IMPROVEMENTS, FOR THE CURRENT TAXABLE YEAR; AND

27 (III) THE PROPERTY SHALL BE ELIGIBLE TO RECEIVE A CREDIT
28 UNDER THIS SECTION FOR THE CURRENT TAXABLE YEAR AND THE TWO
29 SUCCEEDING TAXABLE YEARS REGARDLESS OF THE EXISTENCE OR CONDITION OF
30 THE DWELLING.

31 (2) NEITHER THE CALCULATION OF THE ABATEMENT NOR THE
32 ASSESSMENT UNDER THIS SUBSECTION SHALL INCLUDE AN ASSESSMENT LESS
33 THAN ZERO.

34 [(i)] (J) The Department shall adopt rules and regulations to implement this
35 section.

36 [(j)] (K) The tax credit under this section shall be known as the homestead
37 property tax credit.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be
2 applicable to all taxable years beginning after June 30, 2003.

3 SECTION 3. AND BE IT FURTHER ENACTED, That this Act is an emergency
4 measure, is necessary for the immediate preservation of the public health or safety,
5 has been passed by a ye and nay vote supported by three-fifths of all the members
6 elected to each of the two Houses of the General Assembly, and shall take effect from
7 the date it is enacted.