
By: **Delegates Jennings, Impallaria, McDonough, Arnick, Boteler,
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Minnick, and Weir**

Introduced and read first time: January 27, 2005
Assigned to: Ways and Means

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 21, 2005

CHAPTER _____

1 AN ACT concerning

2 **Homestead Property Tax Credit - Supplemental Credit for Repaired or**
3 **Reconstructed Dwelling**

4 FOR the purpose of ~~requiring the State and~~ providing a State property tax exemption
5 for certain real property under certain circumstances if the governing body of a
6 county has granted a certain property tax credit; authorizing the governing body
7 of each county and of each municipal corporation to grant a certain
8 supplemental property tax credit credits under certain circumstances for
9 dwellings that are damaged or destroyed due to a natural disaster; altering the
10 calculation of the Homestead Property Tax Credit under certain circumstances;
11 requiring homeowners claiming a credit under this Act to apply to the State
12 Department of Assessments and Taxation for approval of the credit; requiring
13 the Department to include the credit on the homeowner's property tax bill
14 providing for the amount of certain property tax credits; limiting the period of
15 time for which certain property tax credits may be granted; authorizing certain
16 counties or municipal corporations to establish certain procedures or
17 requirements for the application, review, and approval of certain property tax
18 credits; requiring certain counties and municipal corporations to notify the State
19 Department of Assessments and Taxation of certain tax credits that have been
20 granted; providing that certain property tax credits may not be claimed for
21 certain dwellings; providing for the application of this Act; and generally
22 relating to the Homestead Property Tax Credit Program property tax relief for
23 certain dwellings that are damaged or destroyed due to a natural disaster.

24 ~~BY repealing and reenacting, with amendments,~~
25 ~~Article Tax Property~~

1 ~~Section 9-105~~
 2 ~~Annotated Code of Maryland~~
 3 ~~(2001 Replacement Volume and 2004 Supplement)~~

4 BY adding to
 5 Article - Tax - Property
 6 Section 7-306, 9-109, and 9-109.1
 7 Annotated Code of Maryland
 8 (2001 Replacement Volume and 2004 Supplement)

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

11 **Article - Tax - Property**

12 7-306.

13 (A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, REAL PROPERTY IS NOT
 14 SUBJECT TO STATE PROPERTY TAX IF:

15 (1) THE HOMEOWNER IS OTHERWISE ELIGIBLE FOR THE CREDIT
 16 ALLOWED UNDER § 9-105 OF THIS ARTICLE;

17 (2) (I) THE DWELLING IS:

18 1. DAMAGED OR DESTROYED DUE TO A NATURAL DISASTER;

19 AND

20 2. SUBSEQUENTLY REPAIRED OR RECONSTRUCTED;

21 (II) THE DWELLING IS REVALUED AFTER THE DWELLING IS
 22 REPAIRED OR RECONSTRUCTED; AND

23 (III) AS A RESULT OF THE REVALUATION, THE ASSESSMENT OF THE
 24 DWELLING EXCEEDS THE LAST ASSESSMENT OF THE DWELLING; AND

25 (3) THE HOMEOWNER CLAIMING THE EXEMPTION HAD A LEGAL
 26 INTEREST IN THE DWELLING AT THE TIME THE DWELLING WAS DAMAGED OR
 27 DESTROYED AS DESCRIBED UNDER ITEM (2) OF THIS SUBSECTION.

28 (B) THE PROPERTY TAX EXEMPTION UNDER THIS SECTION ONLY APPLIES FOR
 29 A TAXABLE YEAR IN WHICH A PROPERTY TAX CREDIT FOR THE PROPERTY
 30 DESCRIBED IN SUBSECTION (A) OF THIS SECTION IS GRANTED BY THE GOVERNING
 31 BODY OF A COUNTY OR MUNICIPAL CORPORATION UNDER § 9-109 OR § 9-109.1 OF
 32 THIS TITLE AND APPLIES ONLY TO THE EXTENT THAT THE CREDIT IS GRANTED.

33 ~~9-105.~~

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

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

1 (6) "Agricultural limited liability company" means a limited liability
2 company that:

3 (i) owns real property that:

4 1. includes land receiving an agricultural use assessment
5 under § 8-209 of this article; and

6 2. includes land used as a homesite that is part of or
7 contiguous to a parcel described in item 1 of this item;

8 (ii) owns personal property used to operate the agricultural land;
9 and

10 (iii) owns no other property.

11 (7) "Active member" means a member of a limited liability company who
12 has or shares the authority to manage, control, and operate the limited liability
13 company and who shares the assets and earnings of the limited liability company
14 under an operating agreement under § 4A-402 of the Corporations and Associations
15 Article.

16 (b) If there is an increase in property assessment as calculated under this
17 section, the State and the governing body of each county and of each municipal
18 corporation shall grant a property tax credit under this section against the State,
19 county, and municipal corporation property tax imposed on real property by the State,
20 county, or municipal corporation.

21 (c) (1) If a dwelling is not used primarily for residential purposes, the
22 Department shall apportion the total property assessment between the part of the
23 dwelling that is used for residential purposes and the part of the dwelling that is not
24 used for residential purposes.

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

29 (3) If a homeowner otherwise eligible for a credit under this section does
30 not actually reside in a dwelling for the required time period because the dwelling is
31 damaged due to an accident or natural disaster, the homeowner may continue to
32 qualify for a credit under this section for the current taxable year and 2 succeeding
33 taxable years even if the dwelling has been removed from the assessment roll in
34 accordance with § 10-304 of this article.

35 (4) (i) For a homeowner who is an active member of an agricultural
36 limited liability company to qualify for the property tax credit under this section:

37 1. the dwelling must have been owned and occupied by the
38 active member;

1 (e) (1) ~~[For] EXCEPT AS PROVIDED UNDER SUBSECTION (J) OF THIS~~
2 SECTION, FOR each taxable year, the property tax credit under this section is
3 calculated by:

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

6 (ii) subtracting that amount from the current year's assessment;
7 and

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

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

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

14 (ii) for the county property tax:

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

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

21 (iii) for the municipal corporation property tax:

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

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

28 (3) Subject to paragraph (5) of this subsection, the Mayor and City
29 Council of Baltimore City and the governing body of a county on or before November
30 15 of any year shall set, by law, the homestead credit percentage for the taxable year
31 beginning the following July 1.

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

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

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

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

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

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

13 (f) ~~The Department shall give notice of the possible property tax credit under
14 this section.~~

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

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

20 (i) (1) ~~When property that has received a credit under this section for the
21 current taxable year includes improvements that are removed from the assessment
22 roll under § 10-304 of this article because of damage due to an accident or a natural
23 disaster:~~

24 (i) ~~the full benefit of the property tax abatement under § 10-304 of
25 this article may not be diminished by the amount of the credit;~~

26 (ii) ~~the full benefit of that credit may not be diminished by the
27 property tax abatement under § 10-304 of this article and shall be reflected in the
28 assessment of the total property, including any new improvements, for the current
29 taxable year; and~~

30 (iii) ~~the property shall be eligible to receive a credit under this
31 section for the current taxable year and the two succeeding taxable years regardless
32 of the existence or condition of the dwelling.~~

33 (2) ~~Neither the calculation of the abatement nor the assessment under
34 this subsection shall include an assessment less than zero.~~

1 9-109.

2 ~~(A)~~ (A) ~~(+)~~ (+) ~~THE STATE AND THE MAYOR AND CITY COUNCIL OF~~
 3 ~~BALTIMORE CITY AND THE GOVERNING BODY OF EACH COUNTY AND OF EACH~~
 4 ~~MUNICIPAL CORPORATION SHALL MAY GRANT AN ADDITIONAL A~~ PROPERTY TAX
 5 CREDIT AS DESCRIBED IN THIS SUBSECTION, UNDER THIS SECTION AGAINST THE
 6 COUNTY OR MUNICIPAL CORPORATION PROPERTY TAX IMPOSED ON REAL PROPERTY
 7 IF:

8 ~~(1)~~ (1) THE HOMEOWNER IS OTHERWISE ELIGIBLE FOR THE
 9 CREDIT ALLOWED UNDER ~~SUBSECTION (B) OF THIS SECTION § 9-105 OF THIS~~
 10 SUBTITLE;

11 ~~(2)~~ (2) ~~+~~ (I) THE DWELLING IS:

12 ~~A.~~ 1. DAMAGED OR DESTROYED DUE TO A NATURAL
 13 DISASTER; AND

14 ~~B.~~ 2. SUBSEQUENTLY REPAIRED OR RECONSTRUCTED;

15 ~~2.~~ (II) THE DWELLING IS REVALUED AFTER THE
 16 DWELLING IS REPAIRED OR RECONSTRUCTED; AND

17 ~~3.~~ (III) AS A RESULT OF THE REVALUATION, THE
 18 ASSESSMENT OF THE DWELLING EXCEEDS THE LAST ASSESSMENT OF THE
 19 DWELLING; AND

20 ~~(3)~~ (3) THE HOMEOWNER CLAIMING THE CREDIT HAD A LEGAL
 21 INTEREST IN THE DWELLING AT THE TIME THE DWELLING WAS DAMAGED OR
 22 DESTROYED AS DESCRIBED UNDER ~~ITEM (4) ITEM (2) OF THIS PARAGRAPH~~
 23 SUBSECTION.

24 ~~(B)~~ (B) THE AMOUNT OF THE PROPERTY TAX CREDIT ALLOWED UNDER
 25 ~~THIS SUBSECTION SECTION SHALL EQUAL THE FOLLOWING PERCENTAGE OF MAY~~
 26 NOT EXCEED 100% OF THE PROPERTY TAX ATTRIBUTABLE TO AN INCREASE IN THE
 27 ASSESSMENT OF THE DWELLING UPON REVALUATION UNDER § 8-104(C)(1)(III) OF
 28 THIS ARTICLE, INCLUDING IMPROVEMENTS, OVER THE LAST ASSESSMENT OF THE
 29 DWELLING BEFORE THE ~~REPAIR OR RECONSTRUCTION~~ NATURAL DISASTER, LESS
 30 THE AMOUNT OF ANY ASSESSMENT ON WHICH A PROPERTY TAX CREDIT UNDER
 31 ~~SUBSECTION (B) § 9-105 OF THIS SECTION IS AUTHORIZED, AS FOLLOWS: SUBTITLE~~
 32 HAS BEEN AUTHORIZED.

33 (C) A CREDIT UNDER THIS SECTION MAY NOT BE GRANTED FOR MORE THAN 5
 34 YEARS.

35 (D) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE GOVERNING
 36 BODY OF A COUNTY OR MUNICIPAL CORPORATION SHALL:

37 (1) ESTABLISH PROCEDURES OR REQUIREMENTS FOR THE
 38 APPLICATION, REVIEW, AND APPROVAL OF TAX CREDITS UNDER THIS SECTION; AND

1 (2) NOTIFY THE DEPARTMENT OF ANY CREDITS THAT HAVE BEEN
2 GRANTED UNDER THIS SECTION.

3 (E) THE CREDIT UNDER THIS SECTION MAY NOT BE CLAIMED FOR A
4 DWELLING FOR WHICH REPAIR OR RECONSTRUCTION IS COMPLETED:

5 (1) BEFORE SEPTEMBER 18, 2003; OR

6 (2) AFTER DECEMBER 31, 2006.

7 (I) ~~90% FOR THE 1ST TAXABLE YEAR IN WHICH THE HOMEOWNER~~
8 ~~CLAIMS THE CREDIT;~~

9 (II) ~~80% FOR THE 2ND TAXABLE YEAR IN WHICH THE HOMEOWNER~~
10 ~~CLAIMS THE CREDIT;~~

11 (III) ~~70% FOR THE 3RD TAXABLE YEAR IN WHICH THE HOMEOWNER~~
12 ~~CLAIMS THE CREDIT;~~

13 (IV) ~~60% FOR THE 4TH TAXABLE YEAR IN WHICH THE HOMEOWNER~~
14 ~~CLAIMS THE CREDIT;~~

15 (V) ~~50% FOR THE 5TH TAXABLE YEAR IN WHICH THE HOMEOWNER~~
16 ~~CLAIMS THE CREDIT;~~

17 (VI) ~~40% FOR THE 6TH TAXABLE YEAR IN WHICH THE HOMEOWNER~~
18 ~~CLAIMS THE CREDIT;~~

19 (VII) ~~30% FOR THE 7TH TAXABLE YEAR IN WHICH THE HOMEOWNER~~
20 ~~CLAIMS THE CREDIT;~~

21 (VIII) ~~20% FOR THE 8TH TAXABLE YEAR IN WHICH THE HOMEOWNER~~
22 ~~CLAIMS THE CREDIT;~~

23 (IX) ~~10% FOR THE 9TH TAXABLE YEAR IN WHICH THE HOMEOWNER~~
24 ~~CLAIMS THE CREDIT; AND~~

25 (X) ~~0% FOR EACH TAXABLE YEAR THEREAFTER.~~

26 (3) (I) ~~IN ORDER TO QUALIFY FOR THE TAX CREDIT UNDER THIS~~
27 ~~SUBSECTION, A HOMEOWNER CLAIMING THE CREDIT MUST APPLY TO THE~~
28 ~~DEPARTMENT AS PRESCRIBED BY THE DEPARTMENT BY REGULATION.~~

29 (II) ~~THE APPLICATION SHALL ESTABLISH TO THE SATISFACTION OF~~
30 ~~THE DEPARTMENT THAT THE APPLICANT IS ELIGIBLE FOR THE TAX CREDIT~~
31 ~~ALLOWED UNDER THIS SUBSECTION.~~

32 (III) ~~IF APPROVED BY THE DEPARTMENT UNDER THIS PARAGRAPH,~~
33 ~~THE TAX CREDIT UNDER THIS SUBSECTION SHALL BE INCLUDED ON THE~~
34 ~~HOMEOWNER'S PROPERTY TAX BILL.~~

1 9-109.1.

2 (A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, THE MAYOR AND CITY
3 COUNCIL OF BALTIMORE CITY AND THE GOVERNING BODY OF EACH COUNTY AND OF
4 EACH MUNICIPAL CORPORATION MAY GRANT A TAX CREDIT UNDER THIS SECTION
5 AGAINST THE COUNTY OR MUNICIPAL CORPORATION PROPERTY TAX IMPOSED ON
6 REAL PROPERTY IF:

7 (1) THE HOMEOWNER IS OTHERWISE ELIGIBLE FOR THE CREDIT
8 ALLOWED UNDER § 9-105 OF THIS SUBTITLE:

9 (2) (I) THE DWELLING IS:

10 1. DAMAGED OR DESTROYED DUE TO A NATURAL DISASTER;
11 AND

12 2. SUBSEQUENTLY REPAIRED OR RECONSTRUCTED;

13 (II) THE DWELLING IS REVALUED AFTER THE DWELLING IS
14 REPAIRED OR RECONSTRUCTED; AND

15 (III) AS A RESULT OF THE REVALUATION, THE ASSESSMENT OF THE
16 DWELLING EXCEEDS THE LAST ASSESSMENT OF THE DWELLING; AND

17 (3) THE HOMEOWNER CLAIMING THE EXEMPTION HAD A LEGAL
18 INTEREST IN THE DWELLING AT THE TIME THE DWELLING WAS DAMAGED OR
19 DESTROYED AS DESCRIBED UNDER ITEM (2) OF THIS SUBSECTION.

20 (B) A HOMEOWNER MAY RECEIVE A TAX CREDIT UNDER THIS SECTION ONLY
21 IF THE HOMEOWNER QUALIFIED FOR AND RECEIVED A TAX CREDIT UNDER § 9-109
22 OF THIS SUBTITLE AND IS NO LONGER RECEIVING A TAX CREDIT UNDER § 9-109 OF
23 THIS SUBTITLE.

24 (C) THE AMOUNT OF THE PROPERTY TAX CREDIT ALLOWED UNDER THIS
25 SECTION MAY NOT EXCEED 50% OF THE PROPERTY TAX ATTRIBUTABLE TO AN
26 INCREASE IN THE ASSESSMENT OF THE DWELLING UPON REVALUATION UNDER §
27 8-104(C)(1)(III) OF THIS ARTICLE, INCLUDING IMPROVEMENTS, OVER THE LAST
28 ASSESSMENT OF THE DWELLING BEFORE THE NATURAL DISASTER, LESS THE
29 AMOUNT OF ANY ASSESSMENT ON WHICH A PROPERTY TAX CREDIT UNDER § 9-105
30 OF THIS SUBTITLE HAS BEEN AUTHORIZED.

31 (D) A CREDIT UNDER THIS SECTION MAY NOT BE GRANTED FOR MORE THAN 3
32 YEARS.

33 (E) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE GOVERNING
34 BODY OF A COUNTY OR MUNICIPAL CORPORATION SHALL:

35 (1) ESTABLISH PROCEDURES OR REQUIREMENTS FOR THE
36 APPLICATION, REVIEW, AND APPROVAL OF TAX CREDITS UNDER THIS SECTION; AND

1 (2) NOTIFY THE DEPARTMENT OF ANY CREDITS THAT HAVE BEEN
2 GRANTED UNDER THIS SECTION.

3 (4) (F) THE CREDIT UNDER THIS SUBSECTION MAY NOT BE CLAIMED
4 FOR A DWELLING FOR WHICH REPAIR OR RECONSTRUCTION IS COMPLETED:

5 (4) (1) BEFORE SEPTEMBER 18, 2003; OR

6 (4) (2) AFTER DECEMBER 31, 2006.

7 [(j)] (K) ~~The Department shall adopt rules and regulations to implement this~~
8 ~~section.~~

9 [(k)] (L) ~~The tax credit under this section shall be known as the homestead~~
10 ~~property tax credit.~~

11 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
12 June 1, 2005, and shall be applicable to all taxable years beginning after June 30,
13 2005.