

Chapter 291

(Senate Bill 413)

AN ACT concerning

Property Tax Credit – Replacement Home Purchased After Acquisition of Dwelling for Public Use

FOR the purpose of ~~requiring the State and the governing body of a county and municipal corporation to grant a tax credit against the State, county, and municipal corporation property taxes for certain property purchased by certain owners of certain property that is acquired for public use; providing for the computation of the credit; requiring certain owners of certain property to apply for the credit; requiring certain information to be provided in an application for the credit; prohibiting the granting of the credit unless a certain application has been submitted by a certain date; authorizing the State Department of Assessments and Taxation to provide the application on its website; requiring the Department to adopt certain regulations; defining certain terms; altering certain limitations on a certain authorized property tax credit against the county or municipal corporation property tax for certain property purchased by certain owners of certain property that is acquired for public use; providing for the application of this Act; and generally relating to a property tax credit for an increase in~~ property tax due on the replacement home of certain homeowners.

~~BY adding to~~

~~Article – Tax – Property
Section 9-110
Annotated Code of Maryland
(2007 Replacement Volume and 2009 Supplement)~~

BY repealing and reenacting, with amendments,

Article – Tax – Property
Section 9-246
Annotated Code of Maryland
(2007 Replacement Volume and 2009 Supplement)

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

Article – Tax – Property

~~9-110.~~

~~(A) (1) IN THIS SECTION THE FOLLOWING TERMS HAVE THE MEANINGS INDICATED.~~

~~(2) "ACQUIRED DWELLING" MEANS A DWELLING:~~

~~(I) THAT WAS OWNED BY A QUALIFIED DISPLACED HOMEOWNER; AND~~

~~(II) THAT BY NEGOTIATION OR CONDEMNATION WAS ACQUIRED FROM THE QUALIFIED DISPLACED HOMEOWNER FOR PUBLIC USE BY THE STATE OR A POLITICAL SUBDIVISION OR AN INSTRUMENTALITY OF THE STATE, IN WHICH THE ACQUIRING AGENCY HAD THE POWER TO ACQUIRE THE DWELLING FOR PUBLIC USE BY CONDEMNATION.~~

~~(3) "ACQUISITION YEAR" MEANS THE TAXABLE YEAR IN WHICH AN ACQUIRED DWELLING WAS ACQUIRED FOR PUBLIC USE BY THE STATE OR A POLITICAL SUBDIVISION OR INSTRUMENTALITY OF THE STATE.~~

~~(4) "DWELLING" HAS THE MEANING STATED IN § 9-105 OF THIS SUBTITLE.~~

~~(5) "LEGAL INTEREST" HAS THE MEANING STATED IN § 9-105 OF THIS SUBTITLE.~~

~~(6) "QUALIFIED DISPLACED HOMEOWNER" MEANS A PROPERTY OWNER WHO HAS A LEGAL INTEREST IN A DWELLING THAT WAS ACQUIRED FOR PUBLIC USE BY THE STATE OR A POLITICAL SUBDIVISION OR AN INSTRUMENTALITY OF THE STATE.~~

~~(7) "REPLACEMENT DWELLING" MEANS A DWELLING THAT IS PURCHASED BY A QUALIFIED DISPLACED HOMEOWNER BY THE END OF THE TAXABLE YEAR FOLLOWING THE ACQUISITION YEAR.~~

~~(8) "TAXABLE ASSESSMENT" MEANS THE ASSESSMENT ON WHICH THE STATE, COUNTY, AND MUNICIPAL CORPORATION PROPERTY TAX RATE IS IMPOSED.~~

~~(B) SUBJECT TO THE LIMITATION PROVIDED IN SUBSECTION (C) OF THIS SECTION, IF A QUALIFIED DISPLACED HOMEOWNER PURCHASES A REPLACEMENT DWELLING THAT HAS A HIGHER TAXABLE ASSESSMENT THAN THE ACQUIRED DWELLING HAD IN THE ACQUISITION YEAR, THE STATE AND THE GOVERNING BODY OF EACH COUNTY AND OF EACH MUNICIPAL CORPORATION SHALL GRANT A PROPERTY TAX CREDIT UNDER THIS SECTION AGAINST THE~~

~~STATE, COUNTY, AND MUNICIPAL CORPORATION PROPERTY TAX IMPOSED ON REAL PROPERTY BY THE STATE, COUNTY, OR MUNICIPAL CORPORATION.~~

~~(C) THE AMOUNT OF THE CREDIT SHALL BE THE DIFFERENCE BETWEEN THE TAXABLE ASSESSMENT OF THE ACQUIRED DWELLING IN THE ACQUISITION YEAR AND THE TAXABLE ASSESSMENT OF THE REPLACEMENT DWELLING MULTIPLIED BY THE STATE, COUNTY, OR MUNICIPAL CORPORATION PROPERTY TAX RATE IMPOSED.~~

~~(D) (1) TO QUALIFY FOR THE CREDIT UNDER THIS SECTION, A QUALIFIED DISPLACED HOMEOWNER SHALL SUBMIT AN APPLICATION FOR THE CREDIT TO THE DEPARTMENT AS PROVIDED IN THIS SUBSECTION.~~

~~(2) THE APPLICATION SHALL:~~

~~(I) BE MADE ON THE FORM THAT THE DEPARTMENT PROVIDES;~~

~~(II) PROVIDE THE INFORMATION REQUIRED BY THE FORM; AND~~

~~(III) INCLUDE A STATEMENT BY THE QUALIFIED DISPLACED HOMEOWNER UNDER OATH THAT THE FACTS STATED IN THE APPLICATION ARE TRUE, CORRECT, AND COMPLETE.~~

~~(3) THE DEPARTMENT MAY NOT AUTHORIZE AND THE STATE, COUNTY, AND MUNICIPAL CORPORATION MAY NOT GRANT THE PROPERTY TAX CREDIT UNDER THIS SECTION FOR A REPLACEMENT DWELLING UNLESS AN APPLICATION IS FILED WITH THE DEPARTMENT WITHIN 180 DAYS FOLLOWING THE DATE THE REPLACEMENT DWELLING IS TRANSFERRED FOR CONSIDERATION TO A QUALIFIED DISPLACED HOMEOWNER.~~

~~(4) THE DEPARTMENT MAY PROVIDE THE REQUIRED APPLICATION ELECTRONICALLY ON THE DEPARTMENT'S WEBSITE.~~

~~(E) THE DEPARTMENT SHALL ADOPT REGULATIONS TO IMPLEMENT THIS SECTION.~~

9-246.

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

(2) “Acquired dwelling” means a dwelling:

- (i) that was owned by a qualified displaced homeowner;
 - (ii) that by negotiation or condemnation was acquired from the qualified displaced homeowner for public use by the State or a political subdivision or instrumentality of the State, where the acquiring agency had the power to acquire the dwelling for public use by condemnation; and
 - (iii) for which the qualified displaced homeowner was eligible for a credit under § 9–105 of this title for the taxable year in which the dwelling was acquired for public use.
- (3) “Acquisition year” means the taxable year in which an acquired dwelling was acquired for public use by the State or a political subdivision or instrumentality of the State.
- (4) “Dwelling” has the meaning stated in § 9–105 of this title.
- (5) “Qualified displaced homeowner” means a property owner who:
 - (i) qualified for a credit under § 9–105 of this title for an acquired dwelling for the acquisition year; and
 - (ii) did not receive compensation for increased property taxes resulting from the loss of the credit under § 9–105 of this title.
- (6) “Replacement dwelling” means a dwelling that is purchased by a qualified displaced homeowner by the end of the taxable year following the acquisition year.
- (7) “Taxable assessment” has the meaning stated in § 9–105 of this title.
- (b) The Mayor and City Council of Baltimore City or the governing body of a county or of a municipal corporation may grant, by law, a tax credit as provided in this section against the county or municipal corporation property tax imposed on a replacement dwelling.
- (c) (1) The property tax credit under this section[:
 - (i) may not be granted for more than 5 years, beginning with the first taxable year after the taxable year in which the replacement dwelling was purchased; and
 - (ii) may not exceed [the following percentages] 100% of the county or municipal corporation property tax attributable to the eligible homestead

assessment of the acquired dwelling, as determined under paragraphs (2) and (3) of this subsection]:

1. 100% for the first taxable year;
2. 80% for the second taxable year;
3. 60% for the third taxable year;
4. 40% for the fourth taxable year; and
5. 20% for the fifth taxable year].

(2) The county or municipal corporation property tax attributable to the eligible homestead assessment of the acquired dwelling is the product of multiplying the applicable county or municipal corporation tax rate for the current year times the eligible homestead assessment of the acquired dwelling, as determined under paragraph (3) of this subsection.

(3) For purposes of paragraph (2) of this subsection, and subject to paragraph (4) of this subsection, the eligible homestead assessment of the acquired dwelling is the amount by which the acquisition year assessment of the acquired dwelling exceeds the product of multiplying the prior year's taxable assessment of the acquired dwelling times:

(i) for purposes of the county or municipal corporation property tax where the replacement dwelling and the acquired dwelling are located in the same county or the same municipal corporation, the homestead credit percentage applicable to the county property tax or municipal corporation property tax for the acquisition year; and

(ii) for purposes of the county or municipal corporation property tax where the replacement dwelling and the acquired dwelling are not located in the same county or the same municipal corporation, 110%.

(4) The eligible homestead assessment determined under paragraph (3) of this subsection shall be reduced, but not below zero, by the amount, if any, by which the acquisition year assessment of the acquired dwelling exceeds the assessment of the replacement dwelling for the first taxable year for which the credit under this section is allowed.

(d) The Mayor and City Council of Baltimore City or the governing body of a county or municipal corporation may provide, by law, for:

(1) the amount and duration of the property tax credit under this section;

- (2) additional eligibility criteria for the tax credit under this section;
- (3) regulations and procedures for the application and uniform processing of requests for the tax credit; and
- (4) any other provision necessary to carry out this section.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2010, and shall be applicable to all taxable years beginning after June 30, 2010.

Approved by the Governor, May 4, 2010.