

HOUSE BILL 681

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4lr2918
CF SB 354

By: **Delegate Carter**

Introduced and read first time: January 31, 2014

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Renters Tax Credit Program**

3 FOR the purpose of altering the calculation of certain property tax relief provided to
4 certain renters by altering the percent of rent used to determine the amount of
5 assumed property tax and altering the calculation of combined income of a
6 renter; increasing the maximum amount of property tax relief that may be
7 provided; requiring the State Department of Assessments and Taxation to
8 establish a certain marketing campaign; requiring the Department to report to
9 the General Assembly on certain matters on or before a certain date; and
10 generally relating to the renters property tax credit relief program.

11 BY repealing and reenacting, with amendments,
12 Article – Tax – Property
13 Section 9–102
14 Annotated Code of Maryland
15 (2012 Replacement Volume and 2013 Supplement)

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

18 **Article – Tax – Property**

19 9–102.

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

21 (2) (i) “Assets” include:

22 1. real property;

23 2. cash;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 3. savings accounts;

2 4. stocks;

3 5. bonds; and

4 6. any other investment.

5 (ii) “Assets” do not include:

6 1. the cash value of the life insurance policies on the life
7 of the renter; or

8 2. tangible personal property.

9 (3) “Assumed real property tax” means:

10 (i) [15%] **25%** of the occupancy rent paid by a renter during the
11 calendar year; or

12 (ii) [15%] **25%** of the occupancy rent paid by a renter during the
13 calendar year plus any tax paid under § 20–501 of the Local Government Article.

14 (4) “Combined income” means the combined gross income of all
15 individuals who actually reside in a dwelling except an individual who:

16 (i) is a dependent of the renter under § 152 of the Internal
17 Revenue Code; or

18 (ii) pays a reasonable amount for rent or room and board.

19 (5) (i) “Dwelling” means a rental unit that is the principal
20 residence of a renter.

21 (ii) “Dwelling” includes a mobile home pad on which the
22 principal residence of the renter rests.

23 (6) (i) “Gross income” means the total income from all sources for
24 the calendar year that immediately precedes the taxable year, whether or not the
25 income is included in the definition of gross income for federal or State tax purposes.

26 (ii) “Gross income” includes:

27 1. any benefit under the Social Security Act or the
28 Railroad Retirement Act;

- 1 2. the aggregate of gifts over \$300;
- 2 3. alimony;
- 3 4. support money;
- 4 5. any nontaxable strike benefit;
- 5 6. public assistance received in a cash grant;
- 6 7. a pension;
- 7 8. an annuity;
- 8 9. any unemployment insurance benefit;
- 9 10. any workers' compensation benefit; and
- 10 11. the net income received from a business, rental, or
- 11 other endeavor.

12 (iii) "Gross income" does not include:

- 13 1. any income tax refund received from the State or
- 14 federal government, including any refundable portion of the federal earned income tax
- 15 credit; or
- 16 2. any loss from business, rental, or other endeavor.

17 (7) "Net worth" means the sum of the current market value of all

18 assets, less any outstanding liability.

19 (8) "Occupancy rent" means the rent paid for the right to occupy a

20 dwelling less the reasonable value of the utilities or furnishings or both if the utilities

21 or the use of the furnishings or both are included in the rent.

22 (9) "Renter" means an individual, who during the calendar year for

23 which the property tax relief under this section is sought, actually occupies a dwelling

24 in which the individual has a leasehold interest and who:

- 25 (i) is at least 60 years old;
- 26 (ii) has been found permanently and totally disabled and has
- 27 qualified for benefits under:
 - 28 1. the Social Security Act;

- 1 2. the Railroad Retirement Act;
- 2 3. any federal act for members of the United States
3 armed forces; or
- 4 4. any federal retirement system;
- 5 (iii) has been found permanently and totally disabled by a county
6 health officer or the Baltimore City Commissioner of Health; or
- 7 (iv) is under the age of 60 years and:
- 8 1. has gross income below the poverty threshold that is
9 established by the U.S. Department of Commerce, Bureau of the Census in August of
10 the previous calendar year;
- 11 2. has 1 or more dependent children under 18 years old
12 living with the renter; and
- 13 3. does not receive federal or State housing subsidies or
14 reside in public housing.

15 (b) There is a property tax relief program for any renter.

16 (c) The Department shall adopt regulations necessary to carry out this
17 section.

18 (d) (1) The Department shall:

19 (I) give to each renter notice of possible property tax relief
20 under this section; AND

21 (II) ESTABLISH A MARKETING CAMPAIGN TO PROMOTE THE
22 USE OF THE PROPERTY TAX RELIEF PROGRAM UNDER THIS SECTION.

23 (2) The Comptroller shall provide in each package of income tax forms
24 and instructions notice of the availability of a property tax credit under this section.
25 Such notice shall be similar in every way to that provided homeowners in § 9–104(f) of
26 this subtitle.

27 (3) **THE DEPARTMENT SHALL REPORT TO THE GENERAL**
28 **ASSEMBLY, IN ACCORDANCE WITH § 2–1246 OF THE STATE GOVERNMENT**
29 **ARTICLE, ON THE PROMOTION OF THE PROPERTY TAX RELIEF PROGRAM UNDER**
30 **PARAGRAPH (1) OF THIS SUBSECTION.**

1 (e) If a dwelling is not actually occupied or expected to be occupied by the
2 renter for 6 months or more of the calendar year, the dwelling is not a principal
3 residence.

4 (f) (1) On or before September 1 of the year following the calendar year
5 for which property tax relief under this section is sought, a renter may apply to the
6 Department for the property tax relief. The application shall be made on the form that
7 the Department provides.

8 (2) For good cause, the Department may accept an application from a
9 renter after September 1 but on or before October 31 of the year following the calendar
10 year for which property tax relief under this section is sought.

11 (3) The renter shall state under oath that the statements in the
12 application are true.

13 (4) To substantiate the application, the applicant may be required to
14 provide a copy of an income tax return, or other evidence detailing gross income or net
15 worth.

16 (g) Notwithstanding § 13–202 of the Tax – General Article, to verify the
17 income stated in an application, the Comptroller shall give the Department the
18 information required.

19 (h) (1) The property tax relief that a renter may receive under this section
20 is the assumed property tax on real property less a percentage of the combined income
21 of the renter.

22 (2) The percentage is:

23 (i) 0% of the 1st ~~[\$4,000]~~ **\$8,000** of combined income;

24 (ii) 2.5% of the 2nd ~~[\$4,000]~~ **\$8,000** of combined income;

25 (iii) 5.5% of the 3rd ~~[\$4,000]~~ **\$8,000** of combined income;

26 (iv) 7.5% of the 4th ~~[\$4,000]~~ **\$8,000** of combined income; and

27 (v) 9% of the combined income over ~~[\$16,000]~~ **\$32,000**.

28 (i) The property tax relief under this section may not be:

29 (1) more than ~~[\$750]~~ **\$1,500**;

30 (2) granted to any renter whose combined net worth exceeds \$200,000
31 as of December 31 of the calendar year for which the property tax relief is sought;

1 (3) granted to any renter whose dwelling is exempt from property tax;
2 and

3 (4) granted if the credit under this section is less than \$1 in any year.

4 (j) (1) The Department shall:

5 (i) process applications upon receipt;

6 (ii) certify to the Comptroller the property tax relief under this
7 section due each renter; and

8 (iii) make the certifications required under item (ii) of this
9 paragraph no less frequently than each month.

10 (2) The Comptroller shall pay the amount to the renter upon receipt of
11 the certification from the Department.

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
13 July 1, 2014.