

# HOUSE BILL 920

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CF SB 961

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By: **Delegates McIntosh, Clippinger, Anderson, Branch, Carter, Glenn, Hammen, Harper, Haynes, McHale, Mitchell, Oaks, B. Robinson, Rosenberg, Stukes, Tarrant, ~~and M. Washington~~ M. Washington, and Cardin**

Introduced and read first time: February 5, 2014

Assigned to: Ways and Means

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 12, 2014

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Baltimore City Residential Retention Act**

3 FOR the purpose of allowing a homeowner who has received the homestead property  
4 tax credit for a dwelling in Baltimore City to receive a homestead credit for a  
5 newly purchased dwelling in Baltimore City under certain circumstances;  
6 ~~requiring that the credit for a newly purchased dwelling be calculated in a~~  
7 ~~certain manner; providing that a homeowner may receive the larger of the~~  
8 ~~homestead property tax credit amounts as calculated using certain methods;~~  
9 ~~providing for the application and termination of this Act; providing that the~~  
10 ~~credit does not apply to the State property tax; requiring a homeowner to~~  
11 ~~submit an application to the State Department of Assessments and Taxation to~~  
12 ~~receive the credit in a certain manner and within a certain timeframe; requiring~~  
13 ~~that the credit be calculated in a certain manner; prohibiting a homeowner from~~  
14 ~~receiving the credit or a portion of the credit if the homeowner's property tax~~  
15 ~~liability would be reduced in a certain manner; prohibiting a recipient of the~~  
16 ~~credit from receiving certain other property tax credits; prohibiting the credit~~  
17 ~~from being transferred in a certain manner; providing that a homeowner may~~  
18 ~~receive a homestead property tax credit calculated in a certain manner after~~  
19 ~~termination of the credit; requiring Baltimore City to allocate funds of no more~~  
20 ~~than a certain amount to pay the cost of the credit; requiring the Department to~~  
21 ~~review and approve applications for the credit in a certain manner; requiring~~  
22 ~~the Department to compute the credit and provide certain materials to~~

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



Baltimore City; authorizing the Department to adopt regulations to carry out the credit after consultation and with the consent of Baltimore City; requiring the Department and Baltimore City to confer regarding the implementation of the credit and submit a report to certain persons on or before a certain date; requiring the Department and Baltimore City to jointly evaluate the efficacy of the credit and submit a report on or before a certain date; providing for the effective dates, application, and termination of this Act; defining a certain term; and generally relating to the homestead property tax credit.

BY repealing and reenacting, without amendments,

Article – Tax – Property

Section 9–105(a)(1), (5), (7), and (9), (b), (d)(3), and (e)(1) and (2)

Annotated Code of Maryland

(2012 Replacement Volume and 2013 Supplement)

BY repealing and reenacting, with amendments,

Article – Tax – Property

Section 9–105(d)(1)

Annotated Code of Maryland

(2012 Replacement Volume and 2013 Supplement)

BY adding to

Article – Tax – Property

Section ~~9–105(d)(7)~~ 9–105(o)

Annotated Code of Maryland

(2012 Replacement Volume and 2013 Supplement)

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

### **Article – Tax – Property**

9–105.

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

(5) (i) “Dwelling” means:

1. a house that is:

A. used as the principal residence of the homeowner; and

B. actually occupied or expected to be actually occupied by the homeowner for more than 6 months of a 12–month period beginning with the date of finality for the taxable year for which the property tax credit under this section is sought; and

1                   2.     the lot or curtilage on which the house is erected.

2                   (ii)    “Dwelling” includes:

3                   1.     a condominium unit that is occupied by an individual  
4 who has a legal interest in the condominium;

5                   2.     an apartment in a cooperative apartment corporation  
6 that is occupied by an individual who has a legal interest in the apartment; and

7                   3.     a part of real property used other than primarily for  
8 residential purposes, if the real property is used as a principal residence by an  
9 individual who has a legal interest in the real property.

10                  (7)    “Homeowner” means an individual who has a legal interest in a  
11 dwelling or who is an active member of an agricultural ownership entity that has a  
12 legal interest in a dwelling.

13                  (9)    “Taxable assessment” means the assessment on which the property  
14 tax rate was imposed in the preceding taxable year, adjusted by the phased-in  
15 assessment increase resulting from a revaluation under § 8-104(c)(1)(iii) of this  
16 article, less the amount of any assessment on which a property tax credit under this  
17 section is authorized.

18                  (b)    (1)    If there is an increase in property assessment as calculated under  
19 this section, the State and the governing body of each county and of each municipal  
20 corporation shall grant a property tax credit under this section against the State,  
21 county, and municipal corporation property tax imposed on real property by the State,  
22 county, or municipal corporation.

23                  (2)    A property tax credit granted under this section shall be applicable  
24 to any State, county, or municipal corporation property tax and any property tax  
25 imposed for a bicounty commission.

26                  (d)    (1)    Subject to the provisions of paragraph (6) of this subsection **AND**  
27 **EXCEPT AS OTHERWISE PROVIDED IN ~~PARAGRAPH (7) OF THIS SUBSECTION~~**  
28 **SUBSECTION (O) OF THIS SECTION**, the Department shall authorize and the State, a  
29 county, or a municipal corporation shall grant a property tax credit under this section  
30 for a taxable year unless during the previous taxable year:

31                   (i)    the dwelling was transferred for consideration to new  
32 ownership;

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

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

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

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

6 ~~(7) (i) A HOMEOWNER WHO HAS RECEIVED A CREDIT AS  
7 CALCULATED UNDER SUBSECTION (E) OF THIS SECTION FOR THE PRECEDING 5  
8 YEARS FOR A DWELLING LOCATED IN BALTIMORE CITY MAY RECEIVE A CREDIT  
9 AS CALCULATED UNDER THIS PARAGRAPH FOR A NEWLY PURCHASED DWELLING  
10 LOCATED IN BALTIMORE CITY.~~

11 ~~(ii) 1. IN THIS SUBPARAGRAPH, "HOMESTEAD CREDIT  
12 CARRYOVER AMOUNT" MEANS THE DIFFERENCE BETWEEN THE PRIOR YEAR'S  
13 TAXABLE ASSESSMENT FOR THE HOMEOWNER'S PREVIOUS DWELLING AND THE  
14 ASSESSMENT THAT WOULD HAVE APPLIED TO THE PREVIOUS DWELLING ABSENT  
15 THE CREDIT CALCULATED UNDER SUBSECTION (E) OF THIS SECTION.~~

16 ~~2. THE PROPERTY TAX CREDIT UNDER THIS  
17 PARAGRAPH IS CALCULATED BY MULTIPLYING THE HOMESTEAD CREDIT  
18 CARRYOVER AMOUNT BY THE APPLICABLE PROPERTY TAX RATE FOR THE  
19 CURRENT YEAR FOR THE HOMEOWNER'S NEWLY PURCHASED DWELLING.~~

20 ~~3. THE HOMESTEAD CREDIT CARRYOVER AMOUNT  
21 USED TO CALCULATE THE CREDIT SHALL BE REDUCED BY 10% EACH YEAR  
22 BEGINNING IN THE SECOND YEAR A HOMEOWNER RECEIVES THE CREDIT AS  
23 CALCULATED UNDER THIS PARAGRAPH.~~

24 ~~(iii) A HOMEOWNER MAY RECEIVE THE GREATER OF EITHER  
25 THE CREDIT CALCULATED UNDER THIS PARAGRAPH OR THE CREDIT  
26 CALCULATED UNDER SUBSECTION (E) OF THIS SECTION.~~

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

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

31 (ii) subtracting that amount from the current year's assessment;  
32 and

33 (iii) if the difference is a positive number, multiplying the  
34 difference by the applicable property tax rate for the current year.

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

3                   (i) for the State property tax and for any property tax imposed  
4 for a bicounty commission, 110%;

5                   (ii) for the county property tax:

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

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

12                   (iii) for the municipal corporation property tax:

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

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

19           **(O) (1) IN THIS SUBSECTION, "HOMESTEAD CREDIT CARRYOVER**  
20 **AMOUNT" MEANS 50% OF THE DIFFERENCE BETWEEN THE PRIOR YEAR'S**  
21 **TAXABLE ASSESSMENT FOR THE HOMEOWNER'S PREVIOUS DWELLING AND THE**  
22 **ASSESSMENT THAT WOULD HAVE APPLIED TO THE PREVIOUS DWELLING ABSENT**  
23 **THE CREDIT UNDER SUBSECTION (E) OF THIS SECTION.**

24           **(2) SUBJECT TO PARAGRAPH (9) OF THIS SUBSECTION, A**  
25 **HOMEOWNER WHO HAS RECEIVED A CREDIT UNDER SUBSECTION (E) OF THIS**  
26 **SECTION FOR THE PRECEDING 5 YEARS FOR A DWELLING LOCATED IN**  
27 **BALTIMORE CITY MAY RECEIVE A CREDIT UNDER THIS SUBSECTION FOR A**  
28 **NEWLY PURCHASED DWELLING LOCATED IN BALTIMORE CITY.**

29           **(3) THE CREDIT UNDER THIS SUBSECTION DOES NOT APPLY TO**  
30 **THE STATE PROPERTY TAX.**

31           **(4) (I) TO QUALIFY FOR THE CREDIT UNDER THIS**  
32 **SUBSECTION, A HOMEOWNER SHALL SUBMIT AN APPLICATION TO THE**  
33 **DEPARTMENT AS PROVIDED IN THIS PARAGRAPH.**

1                    (II) THE APPLICATION SHALL BE:

2                    1. MADE ON THE FORM THAT THE DEPARTMENT  
3 REQUIRES; AND

4                    2. FILED WITHIN 90 DAYS AFTER A HOMEOWNER  
5 PURCHASES A NEW DWELLING.

6                    (III) AN APPLICATION MUST BE RECEIVED ON OR BEFORE  
7 APRIL 1 FOR THE APPLICANT TO RECEIVE A CREDIT IN THE TAX YEAR THAT  
8 BEGINS THE FOLLOWING JULY 1.

9                    (IV) THE DEPARTMENT SHALL ACCEPT APPLICATIONS FOR  
10 THE CREDIT BEGINNING OCTOBER 1, 2015, THROUGH APRIL 1, 2020.

11                    (5) (I) THE CREDIT UNDER THIS SUBSECTION IS:

12                    1. CALCULATED BY MULTIPLYING THE HOMESTEAD  
13 CREDIT CARRYOVER AMOUNT BY THE APPLICABLE PROPERTY TAX RATE FOR  
14 THE CURRENT YEAR FOR THE HOMEOWNER'S NEWLY PURCHASED DWELLING;  
15 AND

16                    2. GRANTED FOR A PERIOD OF 5 YEARS.

17                    (II) THE HOMESTEAD CREDIT CARRYOVER AMOUNT USED  
18 TO CALCULATE THE CREDIT SHALL BE MULTIPLIED BY THE FOLLOWING  
19 PERCENTAGES IN EACH YEAR BEGINNING IN THE YEAR THE HOMEOWNER  
20 PURCHASES THE NEW DWELLING:

21                    1. 100% IN THE FIRST YEAR;

22                    2. 80% IN THE SECOND YEAR;

23                    3. 60% IN THE THIRD YEAR;

24                    4. 40% IN THE FOURTH YEAR; AND

25                    5. 20% IN THE FIFTH YEAR.

26                    (6) A HOMEOWNER MAY NOT RECEIVE THE CREDIT UNDER THIS  
27 SUBSECTION, OR A PORTION OF THE CREDIT, IF, IN ANY YEAR, THE  
28 APPLICATION OF THE CREDIT, OR A PORTION OF THE CREDIT, WOULD REDUCE  
29 THE HOMEOWNER'S PROPERTY TAX LIABILITY BELOW THE HOMEOWNER'S  
30 PROPERTY TAX LIABILITY FOR THE DWELLING PREVIOUSLY OCCUPIED BY THE

1 HOMEOWNER FROM WHICH THE HOMESTEAD CREDIT CARRYOVER AMOUNT IS  
2 DERIVED.

3 (7) IN ANY YEAR IN WHICH A HOMEOWNER RECEIVES A CREDIT  
4 UNDER THIS SUBSECTION, THE HOMEOWNER MAY NOT RECEIVE:

5 (I) THE CREDIT UNDER SUBSECTION (E) OF THIS SECTION;  
6 OR

7 (II) ANY OTHER PROPERTY TAX CREDIT PROVIDED BY  
8 BALTIMORE CITY.

9 (8) THE CREDIT UNDER THIS SUBSECTION MAY NOT BE  
10 TRANSFERRED TO:

11 (I) A PERSON WHO PURCHASES A DWELLING FROM A  
12 HOMEOWNER WHO RECEIVED THE CREDIT UNDER THIS SUBSECTION; OR

13 (II) A DWELLING THAT IS SUBSEQUENTLY PURCHASED BY A  
14 HOMEOWNER WHO RECEIVED THE CREDIT UNDER THIS SUBSECTION.

15 (9) AFTER THE TERMINATION OF THE CREDIT UNDER THIS  
16 SUBSECTION, A HOMEOWNER IS ENTITLED TO THE CREDIT UNDER SUBSECTION  
17 (E) OF THIS SECTION, WHICH SHALL BE CALCULATED:

18 (I) AS IF THE HOMEOWNER HAD RECEIVED THE CREDIT  
19 UNDER SUBSECTION (E) OF THIS SECTION BEGINNING IN THE SECOND YEAR THE  
20 HOMEOWNER OCCUPIED THE DWELLING; AND

21 (II) BASED ON THE FULL ASSESSED VALUE OF THE  
22 DWELLING IN EACH YEAR THE HOMEOWNER RECEIVED THE CREDIT UNDER THIS  
23 SUBSECTION, DISREGARDING THE HOMESTEAD CREDIT CARRYOVER AMOUNT.

24 (10) (I) BALTIMORE CITY SHALL ALLOCATE NO MORE THAN  
25 \$3,000,000 FOR EACH YEAR THAT APPLICATIONS FOR THE CREDIT UNDER THIS  
26 SUBSECTION ARE ACCEPTED TO PAY THE TOTAL COST OF THE CREDITS FOR THE  
27 APPLICANTS APPROVED DURING THE YEAR FOR THE ENTIRE PERIOD DURING  
28 WHICH THE APPLICANTS WILL RECEIVE THE CREDIT.

29 (II) THE DEPARTMENT SHALL, IN CONSULTATION WITH THE  
30 DEPARTMENT OF FINANCE OF BALTIMORE CITY, REVIEW AND APPROVE  
31 APPLICATIONS FOR THE CREDIT UNDER THIS SUBSECTION BASED ON:

32 1. THE DATE THE APPLICATION WAS RECEIVED; AND

1                   **2. THE AVAILABILITY OF THE FUNDS ALLOCATED**  
2 **FOR THE CREDIT UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH.**

3                   **(III) THE DEPARTMENT SHALL CONTINUE TO GRANT**  
4 **CREDITS TO HOMEOWNERS WHOSE APPLICATIONS WERE PREVIOUSLY**  
5 **APPROVED AFTER NEW APPLICATIONS FOR THE CREDIT ARE NO LONGER**  
6 **ACCEPTED UNDER PARAGRAPH (4)(IV) OF THIS SUBSECTION.**

7                   **(11) THE DEPARTMENT SHALL:**

8                   **(I) PERFORM THE CALCULATIONS NECESSARY TO**  
9 **COMPUTE THE CREDIT UNDER THIS SECTION; AND**

10                   **(II) PROVIDE THE FOLLOWING MATERIALS TO THE**  
11 **DIRECTOR OF FINANCE OF BALTIMORE CITY ON AN ANNUAL BASIS, AND ON**  
12 **REQUEST AT ANY TIME, IN THE FORMAT REQUESTED BY THE DIRECTOR:**

13                   **1. APPLICATIONS FOR THE CREDIT UNDER THIS**  
14 **SUBSECTION;**

15                   **2. DOCUMENTATION OF THE CALCULATIONS MADE**  
16 **TO COMPUTE THE CREDIT UNDER THIS SUBSECTION; AND**

17                   **3. DOCUMENTATION OF THE CALCULATIONS MADE**  
18 **TO COMPUTE THE CREDIT A HOMEOWNER IS ENTITLED TO UNDER SUBSECTION**  
19 **(E) OF THIS SECTION AFTER THE TERMINATION OF THE CREDIT UNDER THIS**  
20 **SUBSECTION.**

21                   **(12) AFTER CONSULTATION AND WITH THE CONSENT OF THE**  
22 **DEPARTMENT OF FINANCE OF BALTIMORE CITY, THE DEPARTMENT MAY**  
23 **ADOPT REGULATIONS AS NECESSARY TO CARRY OUT THIS SUBSECTION.**

24                   **SECTION 2. AND BE IT FURTHER ENACTED, That the State Department of**  
25 **Assessments and Taxation and the Baltimore City Department of Finance shall confer**  
26 **concerning the administrative actions necessary to implement this Act and submit a**  
27 **joint report on or before December 1, 2014, to the Mayor and City Council of Baltimore**  
28 **City and, in accordance with § 2-1246 of the State Government Article, the Baltimore**  
29 **City House Delegation, Baltimore City Senators, Senate Budget and Taxation**  
30 **Committee, and the House Committee on Ways and Means that describes the actions**  
31 **each agency agrees to take to implement this Act and any administrative obstacles the**  
32 **agencies identify that could impede the implementation of this Act.**

33                   **SECTION 3. AND BE IT FURTHER ENACTED, That the State Department of**  
34 **Assessments and Taxation and the Baltimore City Department of Finance shall jointly**



1 evaluate the efficacy of the credit established by this Act. The agencies shall complete  
2 an evaluation and submit a report of their findings and recommendations on or before  
3 December 31, 2019, and December 31, 2021, to the Mayor and City Council of  
4 Baltimore City and, in accordance with § 2-1246 of the State Government Article, the  
5 Baltimore City House Delegation, Baltimore City Senators, Senate Budget and  
6 Taxation Committee, and the House Committee on Ways and Means.

7 ~~SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect~~  
8 ~~June 1, 2014, and shall be applicable to all taxable years beginning after June 30,~~  
9 ~~2014, but before July 1, 2024. This Act shall remain effective for a period of 10 years~~  
10 ~~and 1 month and, at the end of June 30, 2024, with no further action required by the~~  
11 ~~General Assembly, this Act shall be abrogated and of no further force and effect.~~

12 SECTION 4. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall  
13 take effect October 1, 2015, and shall be applicable to all taxable years beginning after  
14 June 30, 2016, but before July 1, 2025.

15 SECTION 5. AND BE IT FURTHER ENACTED, That, except as provided in  
16 Section 4 of this Act, this Act shall take effect June 1, 2014. It shall remain effective  
17 for a period of 11 years and 1 month and, at the end of June 30, 2025, with no further  
18 action required by the General Assembly, this Act shall be abrogated and of no further  
19 force and effect.

Approved:

\_\_\_\_\_  
Governor.

\_\_\_\_\_  
Speaker of the House of Delegates.

\_\_\_\_\_  
President of the Senate.