

Chapter 623

(House Bill 920)

AN ACT concerning

Baltimore City Residential Retention Act

FOR the purpose of ~~allowing~~ requiring the Mayor and City Council of Baltimore City to grant, by law, a certain property tax credit against the property tax imposed on a dwelling in Baltimore City that is newly purchased by a homeowner who has received the homestead property tax credit for a dwelling in Baltimore City to receive a homestead credit for a newly purchased dwelling in Baltimore City under certain circumstances; requiring that the credit for a newly purchased dwelling be calculated in a certain manner; providing that a homeowner may receive the larger of the homestead property tax credit amounts as calculated using certain methods; providing for the application and termination of this Act; providing that the credit does not apply to the State property tax; requiring a homeowner to submit an a certain application to the State Department of Assessments and Taxation Director of the Department of Finance of Baltimore City to receive the credit in a certain manner and within a certain timeframe; requiring that the credit be calculated applied in a certain manner; authorizing the Mayor and City Council of Baltimore City to increase the total amount of the credit under certain circumstances; providing that a certain homeowner residing within a certain census tract when filing a certain application shall remain eligible for the increased credit amount under certain circumstances; authorizing the Director to establish certain criteria; prohibiting a homeowner from receiving the credit or a portion of the credit if the homeowner's property tax liability would be reduced in a certain manner; prohibiting a recipient of the credit from receiving certain other property tax credits; prohibiting the credit from being transferred in a certain manner; providing that a homeowner may receive a homestead property tax credit calculated in a certain manner after termination of the credit; requiring Baltimore City to allocate funds of no more than a certain amount to pay the cost for the cost and administration of the credit; requiring the Department Director to review and approve applications for the credit in a certain manner; requiring the Department to compute the credit and provide certain materials to 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 of Finance of Baltimore City and Baltimore City to jointly to 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~~ a property tax credit in Baltimore City.

~~BY repealing and reenacting, without amendments,
Article – Tax – Property
Section 9-105(a)(1), (5), (7), and (9), (b), (d)(3), and (c)(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(e) 9-304(g)
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~~
 - ~~2. the lot or curtilage on which the house is erected.~~
- ~~(ii) “Dwelling” includes:~~

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

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

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

~~(7) "Homeowner" means an individual who has a legal interest in a dwelling or who is an active member of an agricultural ownership entity that has a legal interest in a dwelling.~~

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

~~(b) (1) If there is an increase in property assessment as calculated under this section, 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.~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

~~(ii) for the county property tax:~~

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

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

~~(iii) for the municipal corporation property tax:~~

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

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

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

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

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

9-304.

(G) (1) (1) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(II) “DIRECTOR” MEANS THE DIRECTOR OF THE DEPARTMENT OF FINANCE OF BALTIMORE CITY.

(III) “DWELLING” HAS THE MEANING INDICATED IN § 9-105 OF THIS TITLE.

(IV) “HOMEOWNER” HAS THE MEANING INDICATED IN § 9-105 OF THIS TITLE.

(2) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY SHALL GRANT, BY LAW, A PROPERTY TAX CREDIT UNDER THIS SUBSECTION AGAINST THE COUNTY PROPERTY TAX IMPOSED ON A DWELLING LOCATED IN BALTIMORE CITY THAT IS NEWLY PURCHASED BY A HOMEOWNER WHO HAS RECEIVED A CREDIT UNDER § 9-105 OF THIS TITLE FOR THE PRECEDING 5 YEARS FOR A DWELLING LOCATED IN BALTIMORE CITY.

~~(4) (3) (I) TO QUALIFY FOR THE CREDIT UNDER THIS SUBSECTION, A HOMEOWNER SHALL SUBMIT AN APPLICATION TO THE DEPARTMENT DIRECTOR AS PROVIDED IN THIS PARAGRAPH.~~

(II) THE APPLICATION SHALL BE:

1. MADE ON THE FORM THAT THE DEPARTMENT DIRECTOR REQUIRES; AND

2. FILED WITHIN 90 DAYS AFTER A HOMEOWNER PURCHASES A NEW DWELLING ACCORDING TO PROCEDURES ESTABLISHED BY THE DIRECTOR.

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

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

~~(5) (4) (I) THE CREDIT UNDER THIS SUBSECTION IS:~~

~~1. CALCULATED BY MULTIPLYING THE HOMESTEAD CREDIT CARRYOVER AMOUNT BY THE APPLICABLE PROPERTY TAX RATE FOR THE CURRENT YEAR FOR THE HOMEOWNER’S NEWLY PURCHASED DWELLING; AND~~

~~2. GRANTED FOR A PERIOD OF 5 YEARS.~~

~~(H) THE HOMESTEAD CREDIT CARRYOVER AMOUNT USED TO CALCULATE THE CREDIT SHALL BE MULTIPLIED BY THE FOLLOWING PERCENTAGES IN EACH YEAR BEGINNING IN THE YEAR THE HOMEOWNER PURCHASES THE NEW DWELLING A FIXED AMOUNT OF \$4,000 TO BE APPLIED TO THE HOMEOWNER'S PROPERTY TAX BILL OVER A PERIOD OF 5 YEARS AS FOLLOWS:~~

- ~~1. 100% \$1,000 IN THE FIRST YEAR;~~
- ~~2. 80% \$900 IN THE SECOND YEAR;~~
- ~~3. 60% \$800 IN THE THIRD YEAR;~~
- ~~4. 40% \$700 IN THE FOURTH YEAR; AND~~
- ~~5. 20% \$600 IN THE FIFTH YEAR.~~

~~(II) 1. THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY MAY INCREASE THE TOTAL AMOUNT PROVIDED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH BY UP TO AN ADDITIONAL \$1,000 FOR A HOMEOWNER WHO PURCHASES A DWELLING LOCATED WITHIN A LOW OR MODERATE INCOME CENSUS TRACT, AS DESIGNATED FROM TIME TO TIME BY THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT AND IN WHICH AT LEAST 51% OF THE PERSONS LIVING IN THE TRACT ARE IN HOUSEHOLDS EARNING 80% OR LESS OF THE AREA MEDIAN INCOME.~~

~~2. A HOMEOWNER RESIDING WITHIN A LOW OR MODERATE INCOME CENSUS TRACT AS DESCRIBED UNDER SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH WHEN THE HOMEOWNER SUBMITS AN APPLICATION UNDER PARAGRAPH (3) OF THIS SUBSECTION SHALL REMAIN ELIGIBLE FOR THE INCREASED CREDIT UNDER THIS SUBPARAGRAPH EVEN IF THE CENSUS TRACT CHANGES FOLLOWING THE DATE OF APPLICATION AND THE HOMEOWNER WOULD OTHERWISE BE INELIGIBLE FOR THE INCREASED CREDIT DURING THE 5-YEAR PERIOD.~~

~~3. THE DIRECTOR MAY ESTABLISH ADDITIONAL CRITERIA NECESSARY TO CARRY OUT THIS SUBPARAGRAPH.~~

~~(6) (5) A HOMEOWNER MAY NOT RECEIVE THE CREDIT UNDER THIS SUBSECTION, OR A PORTION OF THE CREDIT, IF, IN ANY YEAR, THE APPLICATION OF THE CREDIT, OR A PORTION OF THE CREDIT, WOULD REDUCE~~

THE HOMEOWNER'S PROPERTY TAX LIABILITY BELOW THE HOMEOWNER'S PROPERTY TAX LIABILITY FOR THE DWELLING PREVIOUSLY OCCUPIED BY THE HOMEOWNER FROM WHICH THE HOMESTEAD CREDIT CARRYOVER AMOUNT IS DERIVED.

~~(7)~~ (6) IN ANY YEAR IN WHICH A HOMEOWNER RECEIVES A CREDIT UNDER THIS SUBSECTION, THE HOMEOWNER MAY NOT RECEIVE:

(I) THE CREDIT UNDER SUBSECTION ~~(E)~~ OF THIS SECTION LOCAL PORTION OF THE CREDIT UNDER § 9-105 OF THIS TITLE; OR

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

~~(8)~~ (7) THE CREDIT UNDER THIS SUBSECTION MAY NOT BE TRANSFERRED TO:

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

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

~~(9)~~ (8) AFTER THE TERMINATION OF THE CREDIT UNDER THIS SUBSECTION, A HOMEOWNER IS ENTITLED TO THE CREDIT UNDER SUBSECTION ~~(E)~~ OF THIS SECTION LOCAL PORTION OF THE CREDIT UNDER § 9-105 OF THIS TITLE, WHICH SHALL BE CALCULATED:

(I) AS IF THE HOMEOWNER HAD RECEIVED THE CREDIT UNDER SUBSECTION ~~(E)~~ OF THIS SECTION § 9-105 OF THIS TITLE BEGINNING IN THE SECOND YEAR THE HOMEOWNER OCCUPIED THE DWELLING; AND

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

~~(10)~~ (9) (I) BALTIMORE CITY SHALL ALLOCATE NO MORE THAN \$3,000,000 FOR EACH YEAR THAT APPLICATIONS FOR THE CREDIT UNDER THIS SUBSECTION ARE ACCEPTED TO PAY:

1. THE TOTAL COST OF THE CREDITS FOR THE ~~APPLICANTS APPROVED~~ APPROVED APPLICANTS DURING THE YEAR FOR THE

ENTIRE PERIOD DURING WHICH THE APPLICANTS WILL RECEIVE THE CREDIT;
AND

2. THE COST OF ADMINISTERING THE CREDIT BY THE
DEPARTMENT OF FINANCE OF BALTIMORE CITY.

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

1. THE DATE THE APPLICATION WAS RECEIVED; AND

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

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

(11) THE DEPARTMENT SHALL:

(i) PERFORM THE CALCULATIONS NECESSARY TO
COMPUTE THE CREDIT UNDER THIS SECTION; AND

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

1. APPLICATIONS FOR THE CREDIT UNDER THIS
SUBSECTION;

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

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

(12) AFTER CONSULTATION AND WITH THE CONSENT OF THE

(10) THE DEPARTMENT OF FINANCE OF BALTIMORE CITY, ~~THE DEPARTMENT~~ MAY ADOPT REGULATIONS AS NECESSARY TO CARRY OUT THIS SUBSECTION.

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

~~SECTION ~~2~~ 2. AND BE IT FURTHER ENACTED, That the State Department of Assessments and Taxation and the Baltimore City Department of Finance of Baltimore City shall jointly evaluate the efficacy of the credit established by this Act. The agencies shall complete an evaluation Act and submit a report of their its findings and recommendations on or before December 31, ~~2019~~ 2018, and December 31, ~~2021~~ 2020, to the Mayor and City Council of Baltimore City and, in accordance with § 2-1246 of the State Government Article, the Baltimore City House Delegation, the Baltimore City Senators, the Senate Budget and Taxation Committee, and the House Committee on Ways and Means.~~

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

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

~~SECTION ~~5~~ 3. AND BE IT FURTHER ENACTED, That, except as provided in Section 4 of this Act, That this Act shall take effect June 1, 2014. It shall remain effective for a period of ~~11~~ 10 years and 1 month and, at the end of June 30, ~~2025~~ 2024, with no further action required by the General Assembly, this Act shall be abrogated and of no further force and effect.~~

Approved by the Governor, May 15, 2014.