

BY: Committee on Ways and Means

AMENDMENTS TO HOUSE BILL 920

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in the sponsor line, strike “and M. Washington” and substitute “M. Washington, and Cardin”; strike beginning with “requiring” in line 6 down through “Act;” in line 9 and substitute “providing that the credit does not apply to the State property tax; requiring a homeowner to submit an application to the State Department of Assessments and Taxation to receive the credit in a certain manner and within a certain timeframe; requiring that the credit be calculated in a certain manner; 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 of the credit; requiring the Department 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 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;”; in line 23, strike “9-105(d)(7)” and substitute “9-105(o)”.

AMENDMENT NO. 2

On page 3, in line 7, strike “**PARAGRAPH (7) OF THIS SUBSECTION**” and substitute “**SUBSECTION (O) OF THIS SECTION**”.

(Over)

On pages 3 and 4, strike in their entirety the lines beginning with line 21 on page 3 through line 7 on page 4, inclusive.

On page 4, after line 33, insert:

“(O) (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.

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

(II) THE APPLICATION SHALL BE:

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

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

(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) (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.

(II) 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:

1. 100% IN THE FIRST YEAR;

2. 80% IN THE SECOND YEAR;

3. 60% IN THE THIRD YEAR;

(Over)

4. 40% IN THE FOURTH YEAR; AND

5. 20% IN THE FIFTH YEAR.

(6) 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) 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;  
OR

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

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

(I) AS IF THE HOMEOWNER HAD RECEIVED THE CREDIT UNDER SUBSECTION (E) OF THIS SECTION 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) (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 THE TOTAL COST OF THE CREDITS FOR THE APPLICANTS APPROVED DURING THE YEAR FOR THE ENTIRE PERIOD DURING WHICH THE APPLICANTS WILL RECEIVE THE CREDIT.

(II) THE DEPARTMENT SHALL, IN CONSULTATION WITH THE DEPARTMENT OF FINANCE OF BALTIMORE CITY, 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 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 3. AND BE IT FURTHER ENACTED, That the State Department of Assessments and Taxation and the Baltimore City Department of Finance shall jointly evaluate the efficacy of the credit established by this Act. The agencies shall complete an evaluation and submit a report of their findings and recommendations on or before December 31, 2019, and December 31, 2021, 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.”.

On page 5, strike in their entirety lines 1 through 5, inclusive, and substitute:

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