# HOUSE BILL 227

Q1 4lr1751
HB 965/13 – W&M

By: **Delegate Dumais**
Introduced and read first time: January 17, 2014
Assigned to: Ways and Means

A BILL ENTITLED

AN ACT concerning

**Homestead Tax Credit – Eligibility – Definition of Legal Interest**

FOR the purpose of altering the definition of "legal interest" to include an interest in a dwelling as a settlor, grantor, or beneficiary of a trust under certain circumstances so as to include certain settlors, grantors, or beneficiaries of trusts as eligible to apply for the homestead property tax credit; providing for the application of this Act; and generally relating to the homestead property tax credit.

BY repealing and reenacting, without amendments,
Article – Tax – Property
Section 9–105(a)(1), (5), and (7) and (b)
Annotated Code of Maryland
(2012 Replacement Volume and 2013 Supplement)

BY repealing and reenacting, with amendments,
Article – Tax – Property
Section 9–105(a)(8)
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:

EXPLANATION: **CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.**
**[**Brackets**]** indicate matter deleted from existing law.

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.

(8) "Legal interest" means an interest in a dwelling:

(i) as a sole owner;

(ii) as a joint tenant;

(iii) as a tenant in common;

(iv) as a tenant by the entireties;

(v) through membership in a cooperative;

(vi) under a land installment contract, as defined in § 10–101 of the Real Property Article; **[**or**]**

(vii) as a holder of a life estate**; OR**

**(VIII) AS A SETTLOR, GRANTOR, OR BENEFICIARY OF A TRUST IF:**

**1. THE SETTLOR, GRANTOR, OR BENEFICIARY OF THE TRUST DOES NOT PAY RENT OR OTHER REMUNERATION TO RESIDE IN THE DWELLING; AND**

**2. LEGAL TITLE TO THE DWELLING IS HELD IN THE NAME OF THE TRUST OR IN THE NAMES OF THE TRUSTEES FOR THE TRUST**.

(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.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed to apply retroactively and shall be applied to all taxable years beginning after June 30, 2007.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2014.