

# HOUSE BILL 1199

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By: **Delegates Carter, Anderson, and Oaks**

Introduced and read first time: February 25, 2015

Assigned to: Rules and Executive Nominations

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## A BILL ENTITLED

1 AN ACT concerning

2 **Baltimore City – Renters Tax Credit Program**

3 FOR the purpose of altering the calculation of certain property tax relief provided to certain  
4 renters in Baltimore City by altering the percentage of rent used to determine the  
5 amount of assumed property tax and altering the calculation of combined income for  
6 a Baltimore City renter; increasing the maximum amount of property tax relief that  
7 may be provided to a Baltimore City renter; and generally relating to the renters  
8 property tax credit relief program for renters in Baltimore City.

9 BY repealing and reenacting, with amendments,  
10 Article – Tax – Property  
11 Section 9–102  
12 Annotated Code of Maryland  
13 (2012 Replacement Volume and 2014 Supplement)

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

16 **Article – Tax – Property**

17 9–102.

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

19 (2) (i) “Assets” include:

20 1. real property;

21 2. cash;

22 3. savings accounts;

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



4. stocks;
5. bonds; and
6. any other investment.

(ii) “Assets” do not include:

1. the cash value of the life insurance policies on the life of the renter; or
2. tangible personal property.

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

[(i)] 1. **EXCEPT IN BALTIMORE CITY**, 15% of the occupancy rent paid by a renter during the calendar year; or

[(ii)] 2. **EXCEPT IN BALTIMORE CITY**, 15% of the occupancy rent paid by a renter during the calendar year plus any tax paid under § 20–501 of the Local Government Article.

(II) **IN BALTIMORE CITY, “ASSUMED REAL PROPERTY TAX” MEANS:**

1. **25% OF THE OCCUPANCY RENT PAID BY A RENTER DURING THE CALENDAR YEAR; OR**

2. **25% OF THE OCCUPANCY RENT PAID BY A RENTER DURING THE CALENDAR YEAR PLUS ANY TAX PAID UNDER § 20–501 OF THE LOCAL GOVERNMENT ARTICLE.**

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

- (i) is a dependent of the renter under § 152 of the Internal Revenue Code; or
- (ii) pays a reasonable amount for rent or room and board.

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

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

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

4                   (ii)   “Gross income” includes:

5                   1.    any benefit under the Social Security Act or the Railroad  
6 Retirement Act;

7                   2.    the aggregate of gifts over \$300;

8                   3.    alimony;

9                   4.    support money;

10                  5.    any nontaxable strike benefit;

11                  6.    public assistance received in a cash grant;

12                  7.    a pension;

13                  8.    an annuity;

14                  9.    any unemployment insurance benefit;

15                  10.   any workers’ compensation benefit; and

16                  11.   the net income received from a business, rental, or other  
17 endeavor.

18                  (iii)   “Gross income” does not include:

19                  1.    any income tax refund received from the State or federal  
20 government, including any refundable portion of the federal earned income tax credit; or

21                  2.    any loss from business, rental, or other endeavor.

22                  (7)   “Net worth” means the sum of the current market value of all assets,  
23 less any outstanding liability.

24                  (8)   “Occupancy rent” means the rent paid for the right to occupy a dwelling  
25 less the reasonable value of the utilities or furnishings or both if the utilities or the use of  
26 the furnishings or both are included in the rent.

1           (9) “Renter” means an individual, who during the calendar year for which  
2 the property tax relief under this section is sought, actually occupies a dwelling in which  
3 the individual has a leasehold interest and who:

4           (i) is at least 60 years old;

5           (ii) has been found permanently and totally disabled and has  
6 qualified for benefits under:

7                   1. the Social Security Act;

8                   2. the Railroad Retirement Act;

9                   3. any federal act for members of the United States armed  
10 forces; or

11                   4. any federal retirement system;

12           (iii) has been found permanently and totally disabled by a county  
13 health officer or the Baltimore City Commissioner of Health; or

14           (iv) is under the age of 60 years and:

15                   1. has gross income below the poverty threshold that is  
16 established by the U.S. Department of Commerce, Bureau of the Census in August of the  
17 previous calendar year;

18                   2. has 1 or more dependent children under 18 years old living  
19 with the renter; and

20                   3. does not receive federal or State housing subsidies or  
21 reside in public housing.

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

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

24           (d) (1) (i) The Department shall:

25                   1. give to each renter notice of possible property tax relief  
26 under this section; and

27                   2. establish a marketing campaign to promote the use of the  
28 property tax relief program under this section.

29           (ii) The marketing campaign shall focus on reaching renters in high  
30 poverty areas throughout the State.

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

4           (3)     The Department shall report to the General Assembly, in accordance  
5 with § 2–1246 of the State Government Article, on the promotion of the property tax relief  
6 program under paragraph (1) of this subsection.

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

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

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

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

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

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

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

27           (2)    [The] **EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS**  
28 **SUBSECTION, THE** percentage is:

- 29           (i)     0% of the 1st \$4,000 of combined income;
- 30           (ii)    2.5% of the 2nd \$4,000 of combined income;
- 31           (iii)   5.5% of the 3rd \$4,000 of combined income;
- 32           (iv)    7.5% of the 4th \$4,000 of combined income; and

1 (v) 9% of the combined income over \$16,000.

2 **(3) IN BALTIMORE CITY, THE PERCENTAGE IS:**

3 **(I) 0% OF THE 1ST \$8,000 OF COMBINED INCOME;**

4 **(II) 2.5% OF THE 2ND \$8,000 OF COMBINED INCOME;**

5 **(III) 5.5% OF THE 3RD \$8,000 OF COMBINED INCOME;**

6 **(IV) 7.5% OF THE 4TH \$8,000 OF COMBINED INCOME; AND**

7 **(V) 9% OF THE COMBINED INCOME OVER \$32,000.**

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

9 (1) **(I) MORE THAN \$1,500 FOR A RENTER IN BALTIMORE CITY; OR**

10 **(II) more than \$750 FOR A RENTER IN ANY OTHER COUNTY;**

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

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

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

15 (j) (1) The Department shall:

16 (i) process applications upon receipt;

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

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

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

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
24 1, 2015.