

HOUSE BILL 351

Q1

71r0699

By: **Delegate Carr**

Introduced and read first time: January 25, 2017

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 11, 2017

CHAPTER _____

1 AN ACT concerning

2 **Property Tax – Homestead Property Tax Credit Percentage and Constant Yield**
3 **Tax Rate – Deadlines**

4 FOR the purpose of authorizing the Department of Assessments and Taxation to amend a
5 constant yield tax rate when a county or municipal corporation alters the homestead
6 tax credit percentage; altering the deadline by which the Mayor and City Council of
7 Baltimore City and the governing body of a county or municipal corporation must set
8 or alter the homestead property tax percentage in a taxable year and notify the
9 Department of Assessments and Taxation; requiring a notice of assessment to
10 include a certain statement; providing for the application of this Act; and generally
11 relating to the homestead property tax credit and the constant yield tax rate.

12 BY repealing and reenacting, with amendments,
13 Article – Tax – Property
14 Section 2–205(c) and 9–105(e)
15 Annotated Code of Maryland
16 (2012 Replacement Volume and 2016 Supplement)

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

19 **Article – Tax – Property**

20 2–205.

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.



1 (c) (1) The Department shall notify each taxing authority of the constant yield
 2 tax rate that will provide the same property tax revenue that is provided by the real
 3 property tax rate that is in effect for the current taxable year.

4 (2) In calculating a constant yield tax rate for a taxable year, the
 5 Department shall use an estimate of the total assessment of all real property for the next
 6 taxable year exclusive of real property that appears for the 1st time on the assessment
 7 records.

8 (3) (I) [On or before May 15 of each year, the] THE Department may
 9 amend a constant yield tax rate [but] only[:] AS PROVIDED IN THIS PARAGRAPH.

10 (II) ON OR BEFORE APRIL 15 EACH YEAR, THE DEPARTMENT
 11 MAY AMEND A CONSTANT YIELD TAX RATE WHEN A COUNTY OR MUNICIPAL
 12 CORPORATION ALTERS THE HOMESTEAD TAX CREDIT PERCENTAGE UNDER § 9-105
 13 OF THIS ARTICLE.

14 [(i)] (III) ON OR BEFORE MAY 15 EACH YEAR, THE
 15 DEPARTMENT MAY AMEND A CONSTANT YIELD TAX RATE:

16 1. when directed to make a change by an enactment of the
 17 General Assembly;

18 [(ii)] 2. to correct an error in the calculation of the constant yield
 19 tax rate; or

20 [(iii)] 3. to reflect a significant loss of taxable base, as determined
 21 by the Director.

22 9-105.

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

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

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

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

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

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

3 (ii) for the county property tax:

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

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

10 (iii) for the municipal corporation property tax:

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

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

17 (3) Subject to paragraph (5) of this subsection, the Mayor and City Council
18 of Baltimore City and the governing body of a county on or before [November 15] **MARCH**
19 **15** of any year shall set, by law, the homestead credit percentage for the taxable year
20 beginning the following July 1.

21 (4) Subject to paragraph (5) of this subsection, on or before [November 25]
22 **MARCH 25** of any year, the governing body of a municipal corporation may set or alter, by
23 law, a homestead credit percentage for the taxable year beginning the following July 1 and
24 any subsequent taxable year.

25 (5) The homestead credit percentage for any county or municipal
26 corporation property tax:

27 (i) may not be less than 100% or exceed 110% for any taxable year;
28 and

29 (ii) shall be expressed in increments of 1 percentage point.

30 (6) The Mayor and City Council of Baltimore City and the governing body
31 of a county shall notify the Department of any action taken under paragraph (3) of this
32 subsection on or before [November 15] **MARCH 15** preceding the taxable year for which
33 the action is taken.

1 (7) A municipal corporation shall notify the Department of any action
2 taken under paragraph (4) of this subsection on or before [November 25] **MARCH 25**
3 preceding the taxable year for which the action is taken.

4 SECTION 2. AND BE IT FURTHER ENACTED, That a notice of assessment issued
5 under § 8-401 of the Tax – Property Article shall include a statement that:

6 (1) the taxable assessment is based on the homestead tax credit percentage
7 currently in effect;

8 (2) if a county or municipal corporation changes the homestead tax credit
9 percentage by the following March, the taxable assessment will change; and

10 (3) the final taxable assessment shall be stated in the next property tax
11 bill.

12 ~~SECTION 2.~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
13 June 1, 2017, and shall be applicable to all taxable years beginning after June 30, 2018.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.