

# SENATE BILL 777

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By: **Senators Waldstreicher and Smith**

Introduced and read first time: February 4, 2019

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Property Tax – Exemption for Dwelling House Owned by Disabled Active Duty**  
3 **Service Member**

4 FOR the purpose of exempting from the property tax under certain circumstances dwelling  
5 houses owned by certain disabled active duty service members; requiring a disabled  
6 active duty service member to apply for the exemption and provide to the supervisor  
7 of assessments for a county a certain certification of disability; authorizing a county  
8 or municipal corporation to authorize, by law, a refund to a disabled active duty  
9 service member under certain circumstances; requiring the governing body of a  
10 county or municipal corporation to pay interest on the refund under certain  
11 circumstances; requiring a county to include certain information on the property tax  
12 bill; defining a certain term; making conforming changes; providing for the  
13 application of this Act; and generally relating to a property tax exemption for  
14 dwelling houses owned by disabled active duty service members.

15 BY repealing and reenacting, with amendments,  
16 Article – Tax – Property  
17 Section 7–208  
18 Annotated Code of Maryland  
19 (2012 Replacement Volume and 2018 Supplement)

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

22 **Article – Tax – Property**

23 7–208.

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

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1           **(2) “DISABLED ACTIVE DUTY SERVICE MEMBER” MEANS AN**  
2 **INDIVIDUAL IN ACTIVE SERVICE OF THE MILITARY, NAVAL, OR AIR SERVICE AS**  
3 **DEFINED IN 38 U.S.C. § 101 WHO HAS A SERVICE CONNECTED PHYSICAL DISABILITY**  
4 **THAT:**

5                   **(I) IS REASONABLY CERTAIN TO CONTINUE FOR THE LIFE OF**  
6 **THE SERVICE MEMBER; AND**

7                   **(II) WAS NOT CAUSED OR INCURRED BY MISCONDUCT OF THE**  
8 **SERVICE MEMBER.**

9           **[(2)](3)**    (i)    “Disabled veteran” means an individual who:

10                   1.    is honorably discharged or released under honorable  
11 circumstances from active military, naval, or air service as defined in 38 U.S.C. § 101; and

12                   2.    has been declared by the Veterans’ Administration to have  
13 a permanent 100% service connected disability that results from blindness or other  
14 disabling cause that:

15                   A.    is reasonably certain to continue for the life of the veteran;  
16 and

17                   B.    was not caused or incurred by misconduct of the veteran.

18                   (ii) “Disabled veteran” includes an individual who qualifies  
19 posthumously for a 100% service connected disability.

20           **[(3)] (4)**    “Dwelling house”:

21                   (i)    means real property that is:

22                   1.    the legal residence of a **DISABLED ACTIVE DUTY**  
23 **SERVICE MEMBER**, disabled veteran, or [a] surviving spouse; and

24                   2.    occupied by not more than 2 families; and

25                   (ii) includes the lot or curtilage and structures necessary to use the  
26 real property as a residence.

27           **[(4)](5)**    “Individual who died in the line of duty” means an individual who  
28 died while in the active military, naval, or air service of the United States as a result of an  
29 injury or disease that is deemed under 38 U.S.C. § 105 to have been incurred in the line of  
30 duty.

1            **[(5)](6)**        “Surviving spouse” means an individual who has not remarried  
2 and who:

3                            (i)        is the surviving spouse of a disabled veteran;

4                            (ii)       is the surviving spouse of an individual who died in the line of  
5 duty; or

6                            (iii)      receives Dependency and Indemnity Compensation from the  
7 United States Department of Veterans Affairs.

8            (b)        Except as provided in subsection (e) of this section, a dwelling house is exempt  
9 from property tax if:

10                    (1)        the dwelling house is owned by:

11                            **(I)        A DISABLED ACTIVE DUTY SERVICE MEMBER;**

12                            **[(i)] (II)**        a disabled veteran;

13                            **[(ii)] (III)**      a surviving spouse of an individual who died in the line of  
14 duty, if:

15                            1.        the dwelling house was owned by the individual at the  
16 time of the individual’s death;

17                            2.        the dwelling house was acquired by the surviving spouse  
18 within 2 years of the individual’s death, if the individual or the surviving spouse was  
19 domiciled in the State as of the date of the individual’s death; or

20                            3.        the dwelling house was acquired after the surviving  
21 spouse qualified for exemption for a former dwelling house under item 1 or 2 of this item,  
22 to the extent of the previous exemption; or

23                            **[(iii)] (IV)**      a surviving spouse of a disabled veteran who meets the  
24 requirements of subsection (c) of this section; and

25                    (2)        the application requirements of subsection (d) of this section are met.

26            (c)        Except as provided in subsections (d) and (e) of this section, after a disabled  
27 veteran dies, the surviving spouse of the disabled veteran shall receive a disabled veteran’s  
28 property tax exemption:

29                    (1)        for the dwelling house that was formerly owned by the disabled veteran:

30                            (i)        if the dwelling house received an exemption under this section;

31 and

1 (ii) if the surviving spouse owns and resides in the dwelling house;

2 (2) for the dwelling house that was formerly occupied by the disabled  
3 veteran:

4 (i) if the dwelling house did not receive an exemption under this  
5 section;

6 (ii) if the disabled veteran was domiciled in the State at death; and

7 (iii) if the surviving spouse owns and resides in the dwelling house;  
8 and

9 (3) for a dwelling house subsequently acquired by the surviving spouse,  
10 equal to the exemption for the former dwelling house when the dwelling house owned by  
11 the surviving spouse was transferred by the surviving spouse:

12 (i) if the surviving spouse owns and resides in the subsequently  
13 acquired dwelling house; and

14 (ii) if the surviving spouse has qualified under item (1) or (2) of this  
15 subsection.

16 (d) (1) A disabled veteran or a surviving spouse of a disabled veteran shall  
17 apply for an exemption under this section by providing to the supervisor:

18 (i) a copy of the disabled veteran's discharge certificate from active  
19 military, naval, or air service; and

20 (ii) on the form provided by the Department, a certification of the  
21 disabled veteran's disability from the Veterans' Administration.

22 (2) The disabled veteran's certificate of disability may not be inspected by  
23 individuals other than:

24 (i) the disabled veteran; or

25 (ii) appropriate employees of the State, a county, or a municipal  
26 corporation.

27 **(3) A DISABLED ACTIVE DUTY SERVICE MEMBER SHALL APPLY FOR**  
28 **AN EXEMPTION UNDER THIS SECTION BY PROVIDING TO THE SUPERVISOR, ON THE**  
29 **FORM PROVIDED BY THE DEPARTMENT, A CERTIFICATION OF THE SERVICE**  
30 **MEMBER'S DISABILITY FROM A PHYSICIAN LICENSED TO PRACTICE MEDICINE IN**  
31 **THE STATE OR FROM THE VETERANS' ADMINISTRATION.**

1            **[(3)] (4)**        A surviving spouse of an individual who died in the line of duty  
2 shall apply for an exemption under this section by providing to the supervisor certification  
3 that the individual died while in active service as a result of an injury or disease incurred  
4 in the line of duty.

5            (e)        (1)        Except as provided in paragraph (2) of this subsection, an exemption  
6 under this section shall be granted in addition to any other exemption authorized by law.

7            (2)        An individual may receive an exemption under this section or under §  
8 7–207 of this subtitle but not under both.

9            (f)        (1)        An exemption under this section is prorated by the supervisor for any  
10 part of a taxable year that remains after the date in the year when the **DISABLED ACTIVE**  
11 **DUTY SERVICE MEMBER**, disabled veteran, or [the] surviving spouse applies for the  
12 exemption.

13            (2)        Notwithstanding any other provision of this article, if a dwelling is  
14 transferred to a **DISABLED ACTIVE DUTY SERVICE MEMBER**, disabled veteran, or [a]  
15 surviving spouse who qualifies for an exemption under this section, the exemption applies  
16 and the property tax is abated from the date of settlement for the purchase of the property,  
17 if the transferee applies for the exemption within 30 days after the settlement for the  
18 purchase of the property.

19            (3)        The Department shall adopt regulations to administer the provisions of  
20 paragraph (2) of this subsection.

21            (g)        (1)        In the taxable years in which an exemption under this section was  
22 authorized but not granted, the governing body of a county or a municipal corporation may  
23 authorize, by law, a refund to an individual described below who receives an exemption  
24 under this section:

25                    (i)        to a **DISABLED ACTIVE DUTY SERVICE MEMBER**, disabled  
26 veteran, or [a] surviving spouse for any county property tax paid; or

27                    (ii)       to a **DISABLED ACTIVE DUTY SERVICE MEMBER OR** disabled  
28 veteran for any municipal corporation property tax paid.

29            (2)        A surviving spouse may apply for a refund of county property tax paid  
30 on the dwelling house while the exemption was available, only if the surviving spouse  
31 applies for the exemption during the 3–year period beginning with the calendar year in  
32 which the surviving spouse initially became eligible for an exemption under this section.

33            (h)        (1)        For the purposes of subsections (f) and (g) of this section, a county or  
34 municipal corporation shall pay to a **DISABLED ACTIVE DUTY SERVICE MEMBER**,  
35 disabled veteran, or surviving spouse interest on the amount of a refund if:

1 (i) the governing body has authorized the refund;

2 (ii) the **DISABLED ACTIVE DUTY SERVICE MEMBER**, disabled  
3 veteran, or surviving spouse is eligible and has applied for the refund; and

4 (iii) the county or municipal corporation fails to make the refund  
5 within 60 days after the eligible **DISABLED ACTIVE DUTY SERVICE MEMBER**, disabled  
6 veteran, or surviving spouse has applied for the refund.

7 (2) If interest is payable under this subsection:

8 (i) the county or municipal corporation shall pay interest at the rate  
9 the county or municipal corporation charges on overdue taxes; and

10 (ii) interest shall accrue from the date the application is filed with  
11 the county or municipal corporation.

12 (i) Each county shall include information on the property tax bill about the  
13 availability of the property tax exemption for **DISABLED ACTIVE DUTY SERVICE**  
14 **MEMBERS**, disabled veterans, and surviving spouses authorized under this section.

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June  
16 1, 2019, and shall be applicable to all taxable years beginning after June 30, 2019.