

Chapter 718

(Senate Bill 593)

AN ACT concerning

Property Tax – Homeowners’ Property Tax Credit – Calculation and Refunds

FOR the purpose of altering, for purposes of the homeowners’ property tax credit, the definition of “total real property tax” to exclude certain adjustments based on any other property tax credits claimed against the property tax imposed on a certain dwelling; requiring the State Department of Assessments and Taxation to determine, for certain taxable years, whether a homeowner is owed, as a result of a certain provision of this Act, ~~a refund of property taxes paid by the homeowner~~ additional homeowners’ property tax credits in the form of a refund; requiring the Department to notify the homeowner and the county within which the homeowner’s dwelling is located of the amount of the refund; requiring the Comptroller, on certification by the Department, to pay eligible homeowners the refund; requiring the refunds to be paid from a certain account; requiring the Governor, for certain fiscal years, to include in the annual budget bill a certain appropriation to a certain account; prohibiting the inclusion of the refund paid under this Act in a homeowner’s gross income for purposes of eligibility for the homeowners’ property tax credit during a certain taxable year; providing for the application of this Act; and generally relating to the homeowners’ property tax credit.

BY repealing and reenacting, without amendments,

Article – Tax – Property

Section 9–104(a)(1), (f), and (g)

Annotated Code of Maryland

(2019 Replacement Volume and 2020 Supplement)

BY repealing and reenacting, with amendments,

Article – Tax – Property

Section 9–104(a)(13)

Annotated Code of Maryland

(2019 Replacement Volume and 2020 Supplement)

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

Article – Tax – Property

9–104.

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

(13) (I) “Total real property tax” means the product of the sum of all property tax rates on real property, including special district tax rates, for the taxable year on a dwelling, multiplied by the lesser of:

[(i)] 1. \$300,000; or

[(ii)] 2. the assessed value of the dwelling reduced by the amount of any assessment on which a property tax credit is granted under § 9–105 of this subtitle.

(II) “TOTAL REAL PROPERTY TAX” DOES NOT INCLUDE ANY ADJUSTMENT FOR ANY OTHER PROPERTY TAX CREDIT UNDER THIS TITLE CLAIMED AGAINST THE PROPERTY TAX IMPOSED ON THE DWELLING.

(f) A homeowner who meets the requirements of this section shall be granted the property tax credit under this section against the property tax imposed on the real property of the dwelling.

(g) (1) Except as provided in subsection (h) of this section, the property tax credit under this section is the total real property tax of a dwelling, less the percentage of the combined income of the homeowner that is described in paragraph (2) of this subsection.

(2) The percentage is:

(i) 0% of the 1st \$8,000 of combined income;

(ii) 4% of the next \$4,000 of combined income;

(iii) 6.5% of the next \$4,000 of combined income; and

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

SECTION 2. AND BE IT FURTHER ENACTED, That:

(a) For taxable years beginning after June 30, 2017, but before July 1, 2021, the State Department of Assessments and Taxation shall determine whether a homeowner is owed ~~a refund of property taxes paid by the homeowner~~ additional State homeowners’ property tax credits as a result of the property tax credit under § 9–104 of the Tax – Property Article, as enacted by Section 1 of this Act, and if so, the amount of the refund owed.

(b) The State Department of Assessments and Taxation shall notify the homeowner and the county within which the homeowner’s dwelling is located of the amount of the refund determined under subsection (a) of this section.

(c) (1) Subject to paragraph (2) of this subsection, on certification by the State Department of Assessments and Taxation, the Comptroller shall pay to an eligible

homeowner the refund determined under subsection (a) of this section from the Local Reserve Account established under § 2-606 of the Tax – General Article.

(2) For each of the fiscal years 2023 through ~~2028~~ 2037, the Governor shall include in the annual budget bill an appropriation to the Local Reserve Account in an amount equal to ~~one-sixth~~ one-fifteenth of the total refunds paid in accordance with paragraph (1) of this subsection from the Local Reserve Account during fiscal year 2022.

(d) Notwithstanding any other provision of law, for the taxable year beginning after June 30, 2021, but before July 1, 2022, a refund paid to a homeowner in accordance with this section may not be included in the calculation of the homeowner's gross income for purposes of eligibility for the property tax credit under § 9-104 of the Tax – Property Article.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2021, and shall be applicable to all taxable years beginning after June 30, 2017.

Enacted under Article II, § 17(c) of the Maryland Constitution, May 30, 2021.