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**By: Senator Sfikas**

Requested: October 24, 1996

Introduced and read first time: January 8, 1997

Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2 **Homeowners' Property Tax Credit - Computation - Medical Expenses**

3 FOR the purpose of altering the method for computing the homeowners' property tax  
4 credit to allow for an adjustment for medical expenses that exceed a certain  
5 percentage of gross income; defining certain terms; providing for the applicability of  
6 this Act; and generally relating to the computation of the homeowners' property tax  
7 credit.

8 BY repealing and reenacting, with amendments,  
9 Article - Tax - Property  
10 Section 9-104(a)(3), (12), and (13)  
11 Annotated Code of Maryland  
12 (1994 Replacement Volume and 1996 Supplement)

13 BY repealing and reenacting, without amendments,  
14 Article - Tax - Property  
15 Section 9-104(a)(8), (g), and (g-1)  
16 Annotated Code of Maryland  
17 (1994 Replacement Volume and 1996 Supplement)

18 BY adding to  
19 Article - Tax - Property  
20 Section 9-104(a)(12)  
21 Annotated Code of Maryland  
22 (1994 Replacement Volume and 1996 Supplement)

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

25 **Article - Tax - Property**

26 9-104.

27 (a) (3) "Combined income" means the combined [gross] NET income of all  
28 individuals who actually reside in a dwelling except an individual who:

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1 (i) is a dependent of the homeowner under § 152 of the Internal  
2 Revenue Code; or

3 (ii) pays a reasonable amount for rent or room and board.

4 (8) (i) "Gross income" means the total income from all sources for the  
5 calendar year that immediately precedes the taxable year, whether or not the income is  
6 included in the definition of gross income for federal or State tax purposes.

7 (ii) "Gross income" includes:

8 1. any benefit under the Social Security Act or the Railroad  
9 Retirement Act;

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

11 3. alimony;

12 4. support money;

13 5. any nontaxable strike benefit;

14 6. public assistance received in a cash grant;

15 7. a pension;

16 8. an annuity;

17 9. any unemployment insurance benefit;

18 10. any workers' compensation benefit;

19 11. the net income received from a business, rental, or other  
20 endeavor; and

21 12. any rent on the dwelling, including the rent from a room or  
22 apartment.

23 (iii) "Gross income" does not include:

24 1. any income tax refund received from the State or federal  
25 government; or

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

27 (12) "NET INCOME" MEANS GROSS INCOME OF AN INDIVIDUAL LESS ANY  
28 MEDICAL EXPENSES FOR THE INDIVIDUAL THAT:

29 (I) ARE NOT REIMBURSED OR REIMBURSABLE BY A PUBLIC OR  
30 PRIVATE PLAN OF HEALTH INSURANCE OR OTHER HEALTH BENEFIT  
31 ARRANGEMENT; AND

32 (II) EXCEED 6.5% OF THE INDIVIDUAL'S GROSS INCOME.

33 [(12)] (13) "Net worth" means the sum of the current market value of all  
34 assets, less any outstanding liability.

1                    [(13)] (14) "Total real property tax" means the product of the sum of all  
2 property tax rates on real property, including special district tax rates, for the taxable year  
3 on a dwelling, multiplied by the lesser of the assessed value of the dwelling or \$60,000;  
4 and then reduced by any property tax credit granted under § 9-105 of this subtitle.

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

9                    (2) The percentage is:

- 10                    (i) 0% of the 1st \$4,000 of combined income;
- 11                    (ii) 2.5% of the 2nd \$4,000 of combined income;
- 12                    (iii) 5.5% of the 3rd \$4,000 of combined income;
- 13                    (iv) 7.5% of the 4th \$4,000 of combined income; and
- 14                    (v) 9% of the combined income over \$16,000.

15                    (g-1) For home purchasers, the property tax credit is the amount of the credit as  
16 calculated under subsection (g) of this section multiplied by a fraction, where:

17                    (1) the numerator of the fraction is the number of days in the fiscal year that  
18 the home purchaser actually occupies or expects to actually occupy a dwelling in which  
19 the home purchaser has a legal interest; and

20                    (2) the denominator is 365 days.

21                    SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
22 October 1, 1997, and shall be applicable to all taxable years beginning after June 30, 1998.