

HOUSE BILL 918

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Q2

2000 Regular Session
0lr0522

By: **Montgomery County Delegation**

Introduced and read first time: February 11, 2000

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Montgomery County - Property Tax - Neighborhood Stabilization Credits**
3 **MC 17-00**

4 FOR the purpose of authorizing the governing body of Montgomery County to grant,
5 by law, a property tax credit against county property tax imposed on certain
6 owner-occupied, residential real property; allowing certain property owners a
7 credit against State income tax for certain property tax paid; providing for the
8 eligibility criteria for the credit; providing for the phaseout of the credit;
9 specifying the taxable year in which the tax credit is first applicable; requiring
10 the County Executive of Montgomery County to hold a public hearing prior to
11 final designation of eligible areas; requiring approval by a municipality's
12 governing body of a designated geographic area located within the municipality;
13 providing that the tax credit granted under this Act terminates on the sale of the
14 property granted the credit; authorizing the new property owner to apply for the
15 property tax credit and be granted the tax credit if certain conditions are met;
16 providing for the method of selection for geographic areas eligible to receive the
17 credit; providing for the applicability of this Act; defining a certain term; and
18 generally relating to credits against certain county property taxes for certain
19 residential real property.

20 BY repealing and reenacting, with amendments,
21 Article - Tax - General
22 Section 10-707(a) and (b)
23 Annotated Code of Maryland
24 (1997 Replacement Volume and 1999 Supplement)

25 BY adding to
26 Article - Tax - Property
27 Section 9-317(e)
28 Annotated Code of Maryland
29 (1994 Replacement Volume and 1999 Supplement)

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

3 **Article - Tax - General**

4 10-707.

5 (a) An individual may claim a credit against the State income tax for a taxable
6 year in the amount specified in subsection (b) of this section for property tax paid in
7 that taxable year for owner-occupied, residential real property that is granted a
8 property tax credit under § 9-317(E) OR § 9-326 of the Tax - Property Article.

9 (b) The credit shall equal the amount of the property tax credit granted for
10 property tax paid under § 9-317(E) OR § 9-326 of the Tax - Property Article.

11 **Article - Tax - Property**

12 9-317.

13 (E) (1) IN THIS SUBSECTION, "DWELLING UNIT" MEANS A BUILDING OR
14 PORTION OF A BUILDING PROVIDING COMPLETE LIVING FACILITIES FOR NOT MORE
15 THAN ONE FAMILY, INCLUDING, AT A MINIMUM, FACILITIES FOR COOKING,
16 SANITATION, AND SLEEPING.

17 (2) THE GOVERNING BODY OF MONTGOMERY COUNTY MAY GRANT, BY
18 LAW, TO A TOTAL OF 1,500 DWELLING UNITS, A PROPERTY TAX CREDIT AGAINST THE
19 COUNTY PROPERTY TAX IMPOSED ON OWNER-OCCUPIED, RESIDENTIAL REAL
20 PROPERTY THAT IS PURCHASED FROM JULY 1, 2000 THROUGH JUNE 30, 2002, IN
21 SPECIFIC GEOGRAPHIC AREAS OF MONTGOMERY COUNTY THAT:

22 (I) CONTAIN NOT FEWER THAN 50 DWELLING UNITS; AND

23 (II) ARE DESIGNATED BY THE COUNTY EXECUTIVE OF
24 MONTGOMERY COUNTY FOR PARTICIPATION IN A DEMONSTRATION PROJECT FOR
25 NEIGHBORHOOD PRESERVATION AND STABILIZATION.

26 (3) IN ORDER TO QUALIFY FOR THE CREDIT UNDER THIS SUBSECTION:

27 (I) FOR THE 12-MONTH PERIOD IMMEDIATELY PRIOR TO
28 PURCHASING THE PROPERTY, THE INDIVIDUAL'S PRINCIPAL RESIDENCE MAY NOT
29 HAVE BEEN LOCATED IN THE GEOGRAPHIC AREAS DESIGNATED UNDER THIS
30 SUBSECTION, UNLESS THE INDIVIDUAL WAS NOT AN OWNER OF THE PROPERTY
31 THAT WAS THE INDIVIDUAL'S PRINCIPAL RESIDENCE; AND

32 (II) THE RESIDENTIAL REAL PROPERTY MUST HAVE BEEN
33 PURCHASED IN CONFORMANCE WITH REGULATIONS ADOPTED BY THE COUNTY
34 EXECUTIVE THAT ARE APPROVED BY THE COUNTY COUNCIL.

35 (4) THE PROPERTY TAX CREDIT SHALL EQUAL:

1 (I) 40% OF THE COUNTY PROPERTY TAX FOR EACH OF THE FIRST 5
2 TAXABLE YEARS AFTER THE PURCHASE OF THE REAL PROPERTY;

3 (II) 35% OF THE COUNTY PROPERTY TAX FOR THE 6TH TAXABLE
4 YEAR AFTER THE PURCHASE OF THE REAL PROPERTY;

5 (III) 30% OF THE COUNTY PROPERTY TAX FOR THE 7TH TAXABLE
6 YEAR AFTER THE PURCHASE OF THE REAL PROPERTY;

7 (IV) 25% OF THE COUNTY PROPERTY TAX FOR THE 8TH TAXABLE
8 YEAR AFTER THE PURCHASE OF THE REAL PROPERTY;

9 (V) 20% OF THE COUNTY PROPERTY TAX FOR THE 9TH TAXABLE
10 YEAR AFTER THE PURCHASE OF THE REAL PROPERTY;

11 (VI) 15% OF THE COUNTY PROPERTY TAX FOR THE 10TH TAXABLE
12 YEAR AFTER THE PURCHASE OF THE REAL PROPERTY; AND

13 (VII) 0% OF THE COUNTY PROPERTY TAX FOR EACH TAXABLE YEAR
14 THEREAFTER.

15 (5) THE PROPERTY TAX CREDIT SHALL FIRST APPLY TO THE TAXABLE
16 YEAR BEGINNING AFTER THE DATE OF THE PURCHASE OF THE ELIGIBLE REAL
17 PROPERTY.

18 (6) THE GOVERNING BODY OF MONTGOMERY COUNTY MAY PROVIDE, BY
19 LAW, FOR ANY OTHER PROVISION NECESSARY TO CARRY OUT THE PROPERTY TAX
20 CREDIT UNDER THIS SUBSECTION.

21 (7) (I) THE COUNTY EXECUTIVE OF MONTGOMERY COUNTY SHALL
22 HOLD A PUBLIC HEARING PRIOR TO THE FINAL DESIGNATION OF THE GEOGRAPHIC
23 AREAS UNDER PARAGRAPH (1) OF THIS SUBSECTION.

24 (II) DESIGNATION OF GEOGRAPHIC AREAS SHALL BE MADE BY
25 REGULATION ADOPTED BY THE COUNTY EXECUTIVE AND APPROVED BY THE
26 COUNTY COUNCIL.

27 (III) A GEOGRAPHIC AREA MAY BE DESIGNATED WITHIN A
28 MUNICIPALITY ONLY WITH THE APPROVAL OF THE MUNICIPALITY'S GOVERNING
29 BODY.

30 (8) THE MONTGOMERY COUNTY DEPARTMENT OF FINANCE SHALL
31 PROVIDE, ON AN ANNUAL BASIS TO THOSE INDIVIDUALS QUALIFYING FOR THE
32 PROPERTY TAX CREDIT UNDER THIS SUBSECTION, A STATEMENT CERTIFYING
33 QUALIFICATION FOR THE PROPERTY TAX CREDIT AND THE AMOUNT OF THE
34 PROPERTY TAX CREDIT BEING GRANTED. THE STATEMENT MAY BE PROVIDED ON OR
35 WITH THE ANNUAL PROPERTY TAX BILL OR IN ANOTHER MANNER AS CHOSEN BY
36 THE LOCAL GOVERNMENT.

1 (9) IN ORDER TO BE ELIGIBLE FOR A PROPERTY TAX CREDIT UNDER
2 THIS SUBSECTION, AN INDIVIDUAL SHALL APPLY FOR THE CREDIT AT LEAST 6
3 MONTHS AFTER THE TITLE TO THE RESIDENTIAL PROPERTY HAS BEEN
4 TRANSFERRED TO THE INDIVIDUAL.

5 (10) (I) THE PROPERTY TAX CREDIT GRANTED UNDER THIS
6 SUBSECTION TERMINATES ON THE SALE OF THE DWELLING UNIT GRANTED THE
7 CREDIT.

8 (II) A PROPERTY OWNER WHO PURCHASES A DWELLING UNIT FOR
9 WHICH THE PROPERTY TAX CREDIT HAS BEEN TERMINATED UNDER THIS
10 PARAGRAPH MAY APPLY FOR, AND MAY BE GRANTED, A SEPARATE PROPERTY TAX
11 CREDIT IF THE PROPERTY OWNER AND THE DWELLING UNIT OTHERWISE MEET THE
12 CONDITIONS OF THIS SUBSECTION.

13 SECTION 2. AND BE IT FURTHER ENACTED, That on or before October 1,
14 2002, in accordance with § 2-1246 of the State Government Article, the County
15 Executive of Montgomery County shall report to the General Assembly on the impact
16 of this Act on the neighborhoods that are targeted.

17 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
18 June 1, 2000, and shall be applicable to all taxable years for income tax purposes
19 beginning after December 31, 2000.