Unofficial Copy Q1 2002 Regular Session 2lr1781 CF SB 40

By: Delegates Clagett and Sophocleus

Introduced and read first time: January 25, 2002

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 Property Tax - Homeowners' Tax Credits

- 3 FOR the purpose of authorizing homeowners to apply for a certain homeowners'
- 4 property tax credit within a certain period after a taxable year for which the
- 5 credit is sought; repealing a provision authorizing the Department to accept a
- 6 certain application during a certain period under certain circumstances;
- authorizing the Department to accept an application from a homeowner within
- 8 a certain period under certain circumstances; requiring a homeowner to
- 9 complete and file a certain application in order to be eligible for a certain
- property tax credit; requiring the Comptroller to pay eligible homeowners the
- property tax credit due under this Act upon certification by the Department; and
- 12 generally relating to authorizing homeowners to apply for a certain
- 13 homeowners' property tax credit within 3 years after a certain date of the
- taxable year for which the credit is sought.
- 15 BY repealing and reenacting, with amendments,
- 16 Article Tax Property
- 17 Section 9-104
- 18 Annotated Code of Maryland
- 19 (2001 Replacement Volume and 2001 Supplement)
- 20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
- 21 MARYLAND, That the Laws of Maryland read as follows:

22 Article - Tax - Property

- 23 9-104.
- 24 (a) (1) In this section the following words have the meanings indicated.
- 25 (2) (i) "Assets" include:
- 26 1. real property;
- 27 2. cash;

for a homeowner who is not a home purchaser, a house that is:

occupied by not more than 2 families; and

used as the principal residence of a homeowner and the lot

actually occupied or expected to be actually occupied by

"Dwelling" means:

2.

3.

29 the homeowner for more than 6 months of a 12-month period, which actual or 30 expected occupancy period shall include July 1 of the taxable year for which the

(i)

31 property tax credit under this section is sought; or

26 or curtilage on which the house is erected;

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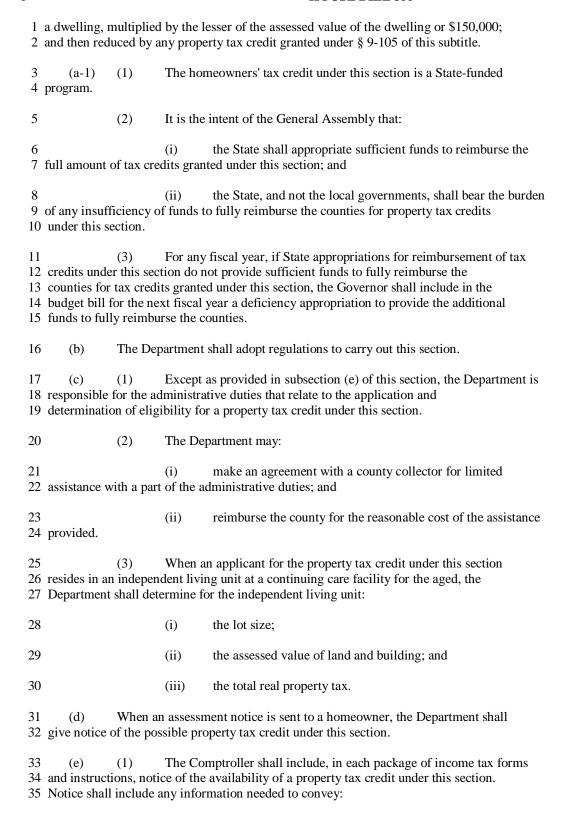
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(6)

1	(i	ii)	for a hor	neowner who is a home purchaser, a house that is:
2 3	or curtilage on which th			used as the principal residence of a homeowner and the lot d;
4			2.	occupied by not more than 2 families; and
	the home purchaser for credit under this section	the rem		actually occupied or expected to be actually occupied by the taxable year for which the property tax
8 9				y" means the tax liability for any property tax on the erty tax credit provided under this section.
		ediately	precedes	ncome" means the total income from all sources for the sthe taxable year, whether or not the income come for federal or State tax purposes.
13	(i	ii)	"Gross ii	ncome" includes:
14 15	Retirement Act;		1.	any benefit under the Social Security Act or the Railroad
16			2.	the aggregate of gifts over \$300;
17			3.	alimony;
18			4.	support money;
19			5.	any nontaxable strike benefit;
20			6.	public assistance received in a cash grant;
21			7.	a pension;
22			8.	an annuity;
23			9.	any unemployment insurance benefit;
24			10.	any workers' compensation benefit;
25 26	endeavor; and		11.	the net income received from a business, rental, or other
27 28	or apartment.		12.	any rent on the dwelling, including the rent from a room
29	(i	iii)	"Gross i	ncome" does not include:
30 31	government; or		1.	any income tax refund received from the State or federal

- 11 2. actually resides in a dwelling in which the individual has a 12 legal interest, whether or not the individual resides in the dwelling on July 1 of the 13 taxable year for which the tax credit is sought.
- 14 (10) "Home purchaser" means an individual who purchases a dwelling in 15 the taxable year for which the tax credit under this section is sought.
- 16 "Legal interest" includes an interest in a dwelling:
- 17 (i) as sole owner;
- 18 (ii) as a joint tenant;
- 19 (iii) as a tenant in common;
- 20 (iv) as a tenant by the entireties;
- 21 (v) through membership in a cooperative;
- 22 (vi) under a land installment contract, as defined in § 10-101 of the
- 23 Real Property Article;
- 24 (vii) as a holder of a life estate; or
- 25 (viii) under a continuing care contract for an independent living unit
- 26 at a continuing care facility for the aged, which means a nontransferable agreement
- 27 between a continuing care facility for the aged as defined in § 7-206 of this article and
- 28 an occupant of an independent living unit, which agreement provides that the
- 29 occupant may reside in the unit until termination under the terms of the contract.
- 30 (12) "Net worth" means the sum of the current market value of all assets, 31 less any outstanding liability.
- 32 "Total real property tax" means the product of the sum of all property
- 33 tax rates on real property, including special district tax rates, for the taxable year on



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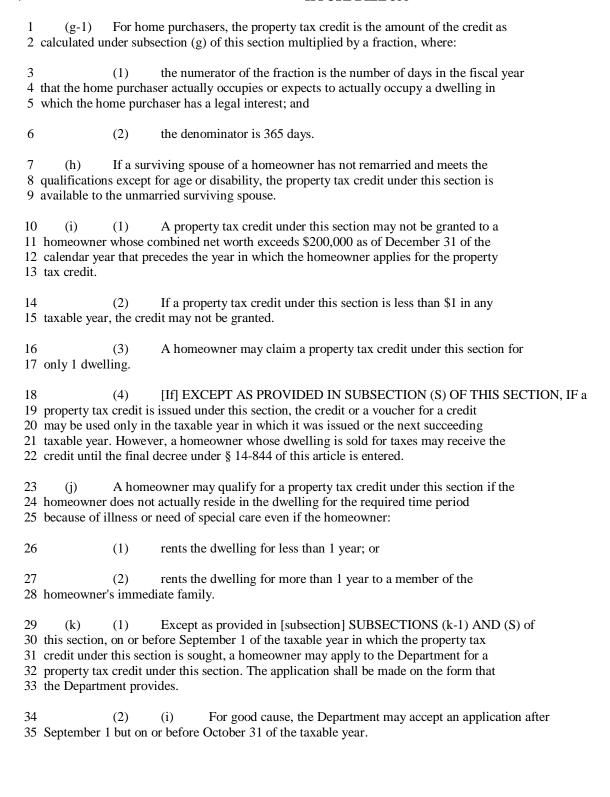
(iv)

(v)

		(1)	ongromey,		
		(ii)	filing deadlines;		
		(iii)	applicable limitations; and		
		(iv)	contact information for application forms.		
	(2)	Notice is	n the package of income tax forms and instructions shall be:		
		(i)	prominently placed;		
10 points; an	d	(ii)	printed in an open typeface, such as helvetica, no smaller than		
material.		(iii)	positioned and colored to distinguish it from income tax		
	(3)	For inco	ome verification, the Comptroller shall:		
the applicati	on forms	(i) ; and	cooperate with the Department in adopting a procedure to audit		
the Departm	ent with	(ii) notwithstanding § 13-202 of the Tax - General Article, supply additional information.			
application.	(4)	The Comptroller shall assist the Department in a postaudit of each			
8 (f) A homeowner who meets the requirements of this section shall be granted 9 the property tax credit under this section against the property tax imposed on the real 0 property of the dwelling.					
(g) (1) Except as provided in subsection (g-1) 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 pero	centage is:		
		(i)	0% of the 1st \$4,000 of combined income;		
		(ii)	1% of the 2nd \$4,000 of combined income;		
		(iii)	4.5% of the 3rd \$4,000 of combined income;		
	the application. (f) the property of to (g) tax credit un percentage of	10 points; and material. (3) the application forms the Department with (4) application. (f) A home the property tax credit property of the dwell (g) (1) tax credit under this sepercentage of the cort (2) of this subsection	(ii) (iii) (iv) (2) Notice in (i) (ii) (ii) 10 points; and (iii) material. (3) For incomplication forms; and (ii) the application forms; and (ii) the Department with additionate (4) The Correspondent of the property tax credit under the property of the dwelling. (g) (1) Except at at ax credit under this section is percentage of the combined in (2) of this subsection. (2) The percentage of the combined in (2) of this subsection.		

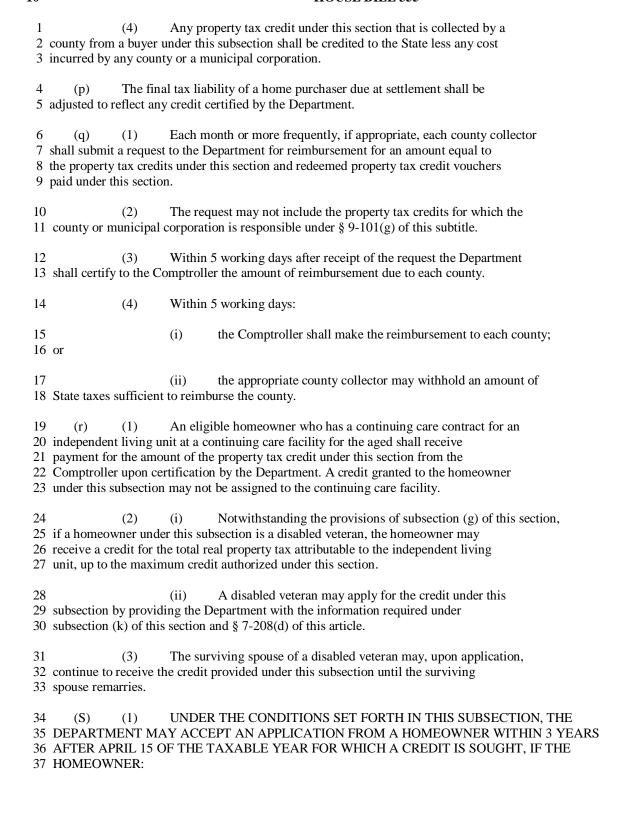
6.5% of the 4th \$4,000 of combined income; and

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



	a homeowner after Se homeowner:	[(ii) ptember		d cause the Department may accept an application from or before April 15 of the taxable year if the
4			1.	is at least 70 years old; and
5 6	taxable year.]		2.	received a credit under this section for the previous
7 8	its acceptance or rejec	[(iii)] etion of a	(II) late appl	The Department shall notify the homeowner in writing of ication.
9 10	(3) application are true.	The hom	neowner	shall state under oath that the facts in the
	(4) provide a copy of an worth.			ne application, the applicant may be required to or other evidence detailing gross income or net
16		on after t	he execu	er may apply to the Department for a property tax tion of a contract of sale on the dwelling or application on the form that the Department
18 19	(2) application are true.	The hom	ne purcha	ser shall state under oath that the facts in the
	(3) applicant to provide a income or net worth.			ne application, the Department may require the ne tax return, or other evidence detailing gross
	(4) section prior to settle days after the executi	ment, the	purchase	naser files an application for a credit under this er must file this application within 7 working sale.
26	(5)	Upon re	ceipt of a	n application prior to settlement, the Department:
27 28	executed sale agreem	(i) ent;	may furt	ther require the applicant to provide a copy of the
29 30	home purchaser is eli	(ii) gible und		ermine the amount, if any, of the credit for which the ection; and
31 32	5 working days from	(iii) receipt o		ify the home purchaser in writing of its decision within lication.
33 34	(6) for and granting of a			shall adopt regulations governing the application ement as provided under this section.
35 36	(7) home purchaser the p			by the Department, the Comptroller shall pay to the due under this section unless the credit was

	used to adjust the home purchaser's final tax liability paid at settlement under subsection (p) of this section.					
3	(l) The Department shall notify an applicant in writing if the applicant is not eligible for the property tax credit under this section.					
7	(m) (1) For any eligible application received before the May 1 that precedes the taxable year in which the property tax credit under this section is sought, the Department shall request the appropriate county collector to prepare a tax bill that reflects the final tax liability.					
	* *		eowner presents the revised tax bill or a tax voucher with the the homeowner may make a single payment for the			
	credit is granted for a	n eligible	CEPT AS PROVIDED IN SUBSECTION (S) OF THIS SECTION, IF a eapplication received after May 1, property tax is not ays after the revised tax bill is sent to the homeowner.			
15 16	` '		icipal corporation or a special taxing district issues a tax bill ill, the county may require the homeowner to submit:			
17		(i)	the separate tax bill; or			
18		(ii)	proof of payment of the separate tax bill.			
21	homeowner, the Depa	artment sl ecial taxir	rporation or a special taxing district issues a tax bill to a hall include the property tax rate of the municipal ng district in calculating the property tax credit under ity.			
25 26	surviving spouse from homeowner transfers	n the pers a dwellin ax credit	for transfers between spouses, including a conveyance to a sonal representative of a deceased spouse, if a ang that is subject to a property tax credit under this ends on the date that the property is transferred. The fer is between spouses.			
28 29			I amount of the property tax credit under this section is nount of property tax that is:			
30		(i)	paid by the homeowner; and			
31 32	the buyer.	(ii)	adjusted at the time of settlement between the homeowner and			
35	under this section that in which the transfer of	t the homoccurs be	neowner is credited for the part of the property tax credit neowner's period of ownership during the taxable year ears to the entire taxable year. The buyer shall pay the tax credit under this section to the county.			



- 1 (I) IS AT LEAST 70 YEARS OLD AS OF THE TAXABLE YEAR FOR 2 WHICH A CREDIT IS SOUGHT; AND
- 3 (II) WAS ELIGIBLE FOR THE CREDIT UNDER THIS SECTION FOR THE 4 TAXABLE YEAR FOR WHICH THE CREDIT IS SOUGHT.
- 5 (2) A HOMEOWNER MAY APPLY TO THE DEPARTMENT FOR A PROPERTY 6 TAX CREDIT UNDER THIS SECTION BY FILING AN APPLICATION ON THE FORM THAT 7 THE DEPARTMENT PROVIDES.
- 10 (4) TO SUBSTANTIATE THE APPLICATION, THE DEPARTMENT MAY 11 REQUIRE THE HOMEOWNER TO PROVIDE A COPY OF AN INCOME TAX RETURN, OR 12 OTHER EVIDENCE DETAILING GROSS INCOME OR NET WORTH.
- 13 (5) ON CERTIFICATION BY THE DEPARTMENT, THE COMPTROLLER 14 SHALL PAY TO THE HOMEOWNER THE PROPERTY TAX CREDIT DUE UNDER THIS 15 SECTION.
- 16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect 17 July 1, 2002.