

**HOUSE BILL 216**  
**EMERGENCY BILL**

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2004 Regular Session  
4r0162

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By: **Chairman, Ways and Means Committee (By Request - Departmental - Assessments and Taxation)**

Introduced and read first time: January 23, 2004

Assigned to: Ways and Means

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A BILL ENTITLED

1 AN ACT concerning

2 **Homestead Tax Credit - Damaged Property**

3 FOR the purpose of providing for the continuation of the Homestead Tax Credit under  
4 certain circumstances for property receiving the Homestead Tax Credit that was  
5 damaged due to accident or natural disaster; making certain property eligible  
6 for the credit for certain taxable years regardless of the condition of certain  
7 property; altering the calculation of an abatement due to accident or natural  
8 disaster; providing for the application of this Act; making this Act an emergency  
9 measure; and generally relating to the Homestead Tax Credit program.

10 BY repealing and reenacting, with amendments,  
11 Article - Tax - Property  
12 Section 9-105  
13 Annotated Code of Maryland  
14 (2001 Replacement Volume and 2003 Supplement)

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

17 **Article - Tax - Property**

18 9-105.

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

20 (2) (i) "Dwelling" means:

21 1. a house that is:

22 A. used as the principal residence of the homeowner; and

23 B. actually occupied or expected to be actually occupied by  
24 the homeowner for more than 6 months of a 12-month period beginning with the date  
25 of finality for the taxable year for which the property tax credit under this section is  
26 sought; and

1   2.             the lot or curtilage on which the house is erected.

2   (ii)           "Dwelling" includes:

3   1.             a condominium unit that is occupied by an individual who  
4 has a legal interest in the condominium;

5   2.             an apartment in a cooperative apartment corporation that  
6 is occupied by an individual who has a legal interest in the apartment; and

7   3.             a part of real property used other than primarily for  
8 residential purposes, if the real property is used as a principal residence by an  
9 individual who has a legal interest in the real property.

10                   (3)           "Homeowner" means an individual who has a legal interest in a  
11 dwelling.

12                   (4)           "Legal interest" means an interest in a dwelling:

13   (i)            as a sole owner;

14   (ii)           as a joint tenant;

15   (iii)          as a tenant in common;

16   (iv)          as a tenant by the entireties;

17   (v)           through membership in a cooperative;

18   (vi)          under a land installment contract, as defined in § 10-101 of the  
19 Real Property Article; or

20   (vii)         as a holder of a life estate.

21                   (5)           "Taxable assessment" means the assessment on which the State,  
22 county, or municipal corporation property tax rate was imposed in the preceding  
23 taxable year, adjusted by the phased-in assessment increase resulting from a  
24 revaluation under § 8-104(c)(1)(iii) of this article, less the amount of any assessment  
25 on which a property tax credit under this section is authorized.

26         (b)         If there is an increase in property assessment as calculated under this  
27 section, the State and the governing body of each county and of each municipal  
28 corporation shall grant a property tax credit under this section against the State,  
29 county, and municipal corporation property tax imposed on real property by the State,  
30 county, or municipal corporation.

31         (c)         (1)         If a dwelling is not used primarily for residential purposes, the  
32 Department shall apportion the total property assessment between the part of the  
33 dwelling that is used for residential purposes and the part of the dwelling that is not  
34 used for residential purposes.

1           (2)     If a homeowner does not actually reside in a dwelling for the required  
2 time period because of illness or need of special care and is otherwise eligible for a  
3 property tax credit under this section, the homeowner may qualify for the property  
4 tax credit under this section.

5       (d)     (1)     The Department shall authorize and the State, a county, or a  
6 municipal corporation shall grant a property tax credit under this section for a  
7 taxable year unless during the previous taxable year:

8                   (i)     the dwelling was transferred for consideration to new  
9 ownership;

10                  (ii)    the value of the dwelling was increased due to a change in the  
11 zoning classification of the dwelling initiated or requested by the homeowner or  
12 anyone having an interest in the property;

13                  (iii)   the use of the dwelling was changed substantially; or

14                  (iv)    the assessment of the dwelling was clearly erroneous due to an  
15 error in calculation or measurement of improvements on the real property.

16           (2)     A homeowner must actually reside in the dwelling by July 1 of the  
17 taxable year for which the property tax credit under this section is to be allowed.

18           (3)     A homeowner may claim a property tax credit under this section for  
19 only 1 dwelling.

20           (4)     If a property tax credit under this section is less than \$1 in any  
21 taxable year, the tax credit may not be granted.

22       (e)     (1)     For each taxable year, the property tax credit under this section is  
23 calculated by:

24                   (i)     multiplying the prior year's taxable assessment by the  
25 homestead credit percentage as provided under paragraph (2) of this subsection;

26                   (ii)    subtracting that amount from the current year's assessment;  
27 and

28                   (iii)   if the difference is a positive number, multiplying the difference  
29 by the applicable State, county, or municipal corporation property tax rate for the  
30 current year.

31           (2)     For each taxable year, the homestead credit percentage under  
32 paragraph (1)(i) of this subsection is:

33                   (i)     for the State property tax, 110%;

34                   (ii)    for the county property tax:

1                                   1.       the homestead credit percentage established by the county  
2 under paragraph (3) of this subsection; or

3                                   2.       if the county has not set a percentage for the taxable year  
4 under paragraph (3) of this subsection or has not notified the Department as required  
5 under paragraph (6) of this subsection, the homestead credit percentage in effect for  
6 the county for the preceding taxable year; and

7                                   (iii)     for the municipal corporation property tax:

8                                   1.       the homestead credit percentage established by the  
9 municipal corporation under paragraph (4) of this subsection; or

10                                  2.       if the municipal corporation has not set a percentage  
11 under paragraph (4) of this subsection or has not notified the Department as required  
12 under paragraph (7) of this subsection, the homestead credit percentage for the  
13 taxable year for the county in which the property is located.

14                                  (3)     Subject to paragraph (5) of this subsection, the Mayor and City  
15 Council of Baltimore City and the governing body of a county on or before November  
16 15 of any year shall set, by law, the homestead credit percentage for the taxable year  
17 beginning the following July 1.

18                                  (4)     Subject to paragraph (5) of this subsection, on or before November 25  
19 of any year, the governing body of a municipal corporation may set or alter, by law, a  
20 homestead credit percentage for the taxable year beginning the following July 1 and  
21 any subsequent taxable year.

22                                  (5)     The homestead credit percentage for any county or municipal  
23 corporation property tax:

24                                  (i)     may not be less than 100% or exceed 110% for any taxable year;  
25 and

26                                  (ii)    shall be expressed in increments of 1 percentage point.

27                                  (6)     The Mayor and City Council of Baltimore City and the governing  
28 body of a county shall notify the Department of any action taken under paragraph (3)  
29 of this subsection on or before November 15 preceding the taxable year for which the  
30 action is taken.

31                                  (7)     A municipal corporation shall notify the Department of any action  
32 taken under paragraph (4) of this subsection on or before November 25 preceding the  
33 taxable year for which the action is taken.

34                                  (f)     The Department shall give notice of the possible property tax credit under  
35 this section.

1 (g) A homeowner who meets the requirements of this section shall be granted  
2 the property tax credit under this section against the State, county, and municipal  
3 corporation property tax imposed on the real property of the dwelling.

4 (h) The tax credit under this section shall be included on the homeowner's  
5 property tax bill.

6 (I) (1) WHEN PROPERTY THAT HAS RECEIVED A CREDIT UNDER THIS  
7 SECTION FOR THE CURRENT TAXABLE YEAR INCLUDES IMPROVEMENTS THAT ARE  
8 REMOVED FROM THE ASSESSMENT ROLL UNDER § 10-304 OF THIS ARTICLE BECAUSE  
9 OF DAMAGE DUE TO AN ACCIDENT OR A NATURAL DISASTER:

10 (I) THE FULL BENEFIT OF THE ABATEMENT UNDER § 10-304 OF  
11 THIS ARTICLE SHALL NOT BE DIMINISHED BY THE AMOUNT OF THE CREDIT;

12 (II) THE FULL BENEFIT OF THAT CREDIT SHALL NOT BE  
13 DIMINISHED BY THE PROPERTY TAX ABATEMENT UNDER § 10-304 OF THIS ARTICLE  
14 AND SHALL BE REFLECTED IN THE ASSESSMENT OF THE TOTAL PROPERTY,  
15 INCLUDING ANY NEW IMPROVEMENTS, FOR THE CURRENT TAXABLE YEAR; AND

16 (III) THE PROPERTY SHALL BE ELIGIBLE TO RECEIVE A CREDIT  
17 UNDER THIS SECTION FOR THE CURRENT TAXABLE YEAR AND THE TWO  
18 SUCCEEDING TAXABLE YEARS REGARDLESS OF THE EXISTENCE OR CONDITION OF  
19 THE DWELLING.

20 (2) NEITHER THE CALCULATION OF THE ABATEMENT NOR THE  
21 ASSESSMENT UNDER THIS SUBSECTION SHALL INCLUDE AN ASSESSMENT LESS  
22 THAN ZERO.

23 [(i)] (J) The Department shall adopt rules and regulations to implement this  
24 section.

25 [(j)] (K) The tax credit under this section shall be known as the homestead  
26 property tax credit.

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be  
28 applicable to all taxable years beginning after June 30, 2003.

29 SECTION 3. AND BE IT FURTHER ENACTED, That this Act is an emergency  
30 measure, is necessary for the immediate preservation of the public health or safety,  
31 has been passed by a ye and nay vote supported by three-fifths of all the members  
32 elected to each of the two Houses of the General Assembly, and shall take effect from  
33 the date it is enacted.