
By: **Delegates McMillan, Boschert, Costa, Dwyer, Gilleland, Impallaria,
Leopold, McConkey, Minnick, Parker, Smigiel, and Sossi**

Introduced and read first time: February 13, 2004

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Homeowner's Property Tax Assessment Cap**

3 FOR the purpose of providing that the percentage used to determine the homestead
4 property tax credit for State, county, and municipal corporation property tax
5 purposes shall be the lesser of a certain cost-of-living adjustment percentage or
6 a certain fixed percentage; requiring the Department of Assessments and
7 Taxation to determine a certain cost-of-living adjustment percentage by a
8 certain date based on the increase in a certain consumer price index for a certain
9 period of time; requiring the Department of Assessments and Taxation to notify
10 the governing bodies of each county and municipal corporation of a certain
11 cost-of-living adjustment percentage by a certain date; requiring the
12 Department of Assessments and Taxation to post a certain cost-of-living
13 adjustment percentage on the Department's website; providing for the
14 application of this Act; providing for the termination of this Act; and generally
15 relating to altering the percentage used to determine the homestead property
16 tax credit.

17 BY repealing and reenacting, with amendments,
18 Article - Tax - Property
19 Section 9-105(e)
20 Annotated Code of Maryland
21 (2001 Replacement Volume and 2003 Supplement)

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

24 **Article - Tax - Property**

25 9-105.

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

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

3 (ii) subtracting that amount from the current year's assessment;
4 and

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

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

10 (i) for the State property tax, [110%] THE COST-OF-LIVING
11 ADJUSTMENT PERCENTAGE AS DETERMINED UNDER PARAGRAPH (6) OF THIS
12 SUBSECTION OR 103%, WHICHEVER IS LESS;

13 (ii) for the county property tax:

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

16 2. if the county has not set a percentage for the taxable year
17 under paragraph (3) of this subsection or has not notified the Department as required
18 under paragraph [(6)] (7) of this subsection, the homestead credit percentage in effect
19 for the county for the preceding taxable year; and

20 (iii) for the municipal corporation property tax:

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

23 2. if the municipal corporation has not set a percentage
24 under paragraph (4) of this subsection or has not notified the Department as required
25 under paragraph [(7)] (8) of this subsection, the homestead credit percentage for the
26 taxable year for the county in which the property is located.

27 (3) Subject to paragraph (5) of this subsection, the Mayor and City
28 Council of Baltimore City and the governing body of a county on or before November
29 15 of any year shall set, by law, the homestead credit percentage for the taxable year
30 beginning the following July 1.

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

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

1 (i) may not be less than 100% or exceed [110%] THE
2 COST-OF-LIVING ADJUSTMENT PERCENTAGE AS DETERMINED UNDER PARAGRAPH
3 (6) OF THIS SUBSECTION OR 103%, WHICHEVER IS LESS for any taxable year; and

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

5 (6) (I) ON OR BEFORE OCTOBER 1 OF ANY YEAR, THE DEPARTMENT
6 SHALL DETERMINE THE COST-OF-LIVING ADJUSTMENT PERCENTAGE BASED ON
7 THE INCREASE OF THE CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS IN
8 THE WASHINGTON AND BALTIMORE REGION FOR THE MONTH OF MAY OVER THE
9 PRECEDING YEAR'S MAY.

10 (II) ON OR BEFORE OCTOBER 15 OF ANY YEAR, THE DEPARTMENT
11 SHALL:

12 1. NOTIFY THE GOVERNING BODY OF EACH COUNTY AND OF
13 EACH MUNICIPAL CORPORATION IN WRITING OF THE COST-OF-LIVING ADJUSTMENT
14 PERCENTAGE TO BE USED UNDER PARAGRAPH (5) OF THIS SECTION; AND

15 2. POST THE COST-OF-LIVING ADJUSTMENT PERCENTAGE
16 ON THE DEPARTMENT'S WEBSITE.

17 [(6)] (7) The Mayor and City Council of Baltimore City and the
18 governing body of a county shall notify the Department of any action taken under
19 paragraph (3) of this subsection on or before November 15 preceding the taxable year
20 for which the action is taken.

21 [(7)] (8) A municipal corporation shall notify the Department of any
22 action taken under paragraph (4) of this subsection on or before November 25
23 preceding the taxable year for which the action is taken.

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
25 effect October 1, 2004, and shall be applicable to all taxable years after June 30, 2005.
26 It shall remain effective for a period of 3 years and, at the end of September 30, 2007,
27 with no further action required by the General Assembly, this Act shall be abrogated
28 and of no further force and effect.