
By: **Senators Stone, Astle, Britt, Brochin, Colburn, DeGrange, Della, Dyson, Gladden, Green, Grosfeld, Haines, Harris, Hollinger, Hooper, Hughes, Jacobs, Jimeno, Klausmeier, Middleton, Miller, Mooney, Pipkin, Ruben, and Schrader Schrader, Currie, Hogan, Jones, Kasemeyer, Kramer, Lawlah, McFadden, Munson, and Stoltzfus**

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CHAPTER _____

1 AN ACT concerning

2 **Homestead Property Tax Credit - Supplemental Credit for Repaired or**
3 **Reconstructed Dwelling**

4 FOR the purpose of ~~requiring the State and~~ providing a State property tax exemption
5 for certain real property under certain circumstances if the governing body of a
6 county has granted a certain property tax credit; requiring the governing body of
7 each county and of each municipal corporation to grant a certain supplemental
8 property tax credit credits under certain circumstances for dwellings that are
9 damaged or destroyed due to a natural disaster; altering the calculation of the
10 Homestead Property Tax Credit under certain circumstances; requiring
11 homeowners claiming a credit under this Act to apply to the State Department
12 of Assessments and Taxation for approval of the credit; requiring the
13 Department to include the credit on the homeowner's property tax bill providing
14 for the amount of certain property tax credits; limiting the period of time for
15 which certain property tax credits may be granted; requiring certain counties or
16 municipal corporations to establish certain procedures or requirements for the
17 application, review, and approval of certain property tax credits; requiring
18 certain counties and municipal corporations to notify the State Department of
19 Assessments and Taxation of certain tax credits that have been granted;
20 providing that certain property tax credits may not be claimed for certain
21 dwellings; providing for the application of this Act; and generally relating to the
22 Homestead Property Tax Credit Program property tax relief for certain
23 dwellings that are damaged or destroyed due to a natural disaster.

1 ~~BY repealing and reenacting, with amendments,~~
 2 ~~Article - Tax - Property~~
 3 ~~Section 9-105~~
 4 ~~Annotated Code of Maryland~~
 5 ~~(2001 Replacement Volume and 2004 Supplement)~~

6 BY adding to
 7 Article - Tax - Property
 8 Section 7-306, 9-109, and 9-109.1
 9 Annotated Code of Maryland
 10 (2001 Replacement Volume and 2004 Supplement)

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

13 **Article - Tax - Property**

14 7-306.

15 (A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, REAL PROPERTY IS NOT
 16 SUBJECT TO STATE PROPERTY TAX IF:

17 (1) THE HOMEOWNER IS OTHERWISE ELIGIBLE FOR THE CREDIT
 18 ALLOWED UNDER § 9-105 OF THIS ARTICLE;

19 (2) (I) THE DWELLING IS:

20 1. DAMAGED OR DESTROYED DUE TO A NATURAL DISASTER;

21 AND

22 2. SUBSEQUENTLY REPAIRED OR RECONSTRUCTED;

23 (II) THE DWELLING IS REVALUED AFTER THE DWELLING IS
 24 REPAIRED OR RECONSTRUCTED; AND

25 (III) AS A RESULT OF THE REVALUATION, THE ASSESSMENT OF THE
 26 DWELLING EXCEEDS THE LAST ASSESSMENT OF THE DWELLING; AND

27 (3) THE HOMEOWNER CLAIMING THE EXEMPTION HAD A LEGAL
 28 INTEREST IN THE DWELLING AT THE TIME THE DWELLING WAS DAMAGED OR
 29 DESTROYED AS DESCRIBED UNDER ITEM (2) OF THIS SUBSECTION.

30 (B) THE PROPERTY TAX EXEMPTION UNDER THIS SECTION ONLY APPLIES FOR
 31 A TAXABLE YEAR IN WHICH A PROPERTY TAX CREDIT FOR THE PROPERTY
 32 DESCRIBED IN SUBSECTION (A) OF THIS SECTION IS GRANTED BY THE GOVERNING
 33 BODY OF A COUNTY OR MUNICIPAL CORPORATION UNDER § 9-109 OR § 9-109.1 OF
 34 THIS TITLE AND APPLIES ONLY TO THE EXTENT THAT THE CREDIT IS GRANTED.

1 ~~9-105.~~

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

3 (2) (i) ~~"Dwelling" means:~~

4 1. ~~a house that is:~~

5 A. ~~used as the principal residence of the homeowner; and~~

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

10 2. ~~the lot or curtilage on which the house is erected.~~

11 (ii) ~~"Dwelling" includes:~~

12 1. ~~a condominium unit that is occupied by an individual who~~
13 ~~has a legal interest in the condominium;~~

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

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

19 (3) ~~"Homeowner" means an individual who has a legal interest in a~~
20 ~~dwelling or who is an active member of an agricultural limited liability company that~~
21 ~~has a legal interest in a dwelling.~~

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

23 (i) ~~as a sole owner;~~

24 (ii) ~~as a joint tenant;~~

25 (iii) ~~as a tenant in common;~~

26 (iv) ~~as a tenant by the entireties;~~

27 (v) ~~through membership in a cooperative;~~

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

30 (vii) ~~as a holder of a life estate.~~

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

6 (6) "Agricultural limited liability company" means a limited liability
7 company that:

8 (i) owns real property that:

9 1. includes land receiving an agricultural use assessment
10 under § 8-209 of this article; and

11 2. includes land used as a homesite that is part of or
12 contiguous to a parcel described in item 1 of this item;

13 (ii) owns personal property used to operate the agricultural land;
14 and

15 (iii) owns no other property.

16 (7) "Active member" means a member of a limited liability company who
17 has or shares the authority to manage, control, and operate the limited liability
18 company and who shares the assets and earnings of the limited liability company
19 under an operating agreement under § 4A-402 of the Corporations and Associations
20 Article.

21 (b) If there is an increase in property assessment as calculated under this
22 section, the State and the governing body of each county and of each municipal
23 corporation shall grant a property tax credit under this section against the State,
24 county, and municipal corporation property tax imposed on real property by the State,
25 county, or municipal corporation.

26 (c) (1) If a dwelling is not used primarily for residential purposes, the
27 Department shall apportion the total property assessment between the part of the
28 dwelling that is used for residential purposes and the part of the dwelling that is not
29 used for residential purposes.

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

34 (3) If a homeowner otherwise eligible for a credit under this section does
35 not actually reside in a dwelling for the required time period because the dwelling is
36 damaged due to an accident or natural disaster, the homeowner may continue to
37 qualify for a credit under this section for the current taxable year and 2 succeeding
38 taxable years even if the dwelling has been removed from the assessment roll in
39 accordance with § 10-304 of this article.

1 (4) (i) For a homeowner who is an active member of an agricultural
2 ~~limited liability company to qualify for the property tax credit under this section:~~

3 1. ~~the dwelling must have been owned and occupied by the~~
4 ~~active member:~~

5 A. ~~at the time of its transfer to the agricultural limited~~
6 ~~liability company; or~~

7 B. ~~if the dwelling was originally transferred to the~~
8 ~~agricultural limited liability company as part of a conversion from a partnership~~
9 ~~under § 4A-211 of the Corporations and Associations Article, then at the time of its~~
10 ~~transfer to the former partnership; and~~

11 2. ~~the agricultural limited liability company and the active~~
12 ~~member who occupies the dwelling must file an application with the Department~~
13 ~~establishing initial eligibility for the credit on or before June 30 for the following~~
14 ~~taxable year and, at the request of the Department, must file an application in any~~
15 ~~future year to verify continued eligibility.~~

16 (ii) ~~Failure to file a timely application may result in~~
17 ~~disqualification from the Homestead Tax Credit Program for the following taxable~~
18 ~~year.~~

19 (iii) ~~The credit may only be granted to one dwelling owned by the~~
20 ~~agricultural limited liability company.~~

21 (iv) ~~Participation in the credit program as the active member of an~~
22 ~~agricultural limited liability company disqualifies any other dwellings owned by the~~
23 ~~active member for the credit.~~

24 (4) (1) ~~The Department shall authorize and the State, a county, or a~~
25 ~~municipal corporation shall grant a property tax credit under this section for a~~
26 ~~taxable year unless during the previous taxable year:~~

27 (i) ~~the dwelling was transferred for consideration to new~~
28 ~~ownership;~~

29 (ii) ~~the value of the dwelling was increased due to a change in the~~
30 ~~zoning classification of the dwelling initiated or requested by the homeowner or~~
31 ~~anyone having an interest in the property;~~

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

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

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

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

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

5 (e) (1) ~~[For] EXCEPT AS PROVIDED UNDER SUBSECTION (J) OF THIS~~
6 ~~SECTION, FOR each taxable year, the property tax credit under this section is~~
7 ~~calculated by:~~

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

10 (ii) subtracting that amount from the current year's assessment;
11 and

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

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

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

18 (ii) for the county property tax:

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

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

25 (iii) for the municipal corporation property tax:

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

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

32 (3) Subject to paragraph (5) of this subsection, the Mayor and City
33 Council of Baltimore City and the governing body of a county on or before November
34 15 of any year shall set, by law, the homestead credit percentage for the taxable year
35 beginning the following July 1.

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

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

7 (i) ~~may not be less than 100% or exceed 110% for any taxable year;~~
8 and

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

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

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

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

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

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

24 (i) (1) When property that has received a credit under this section for the
25 current taxable year includes improvements that are removed from the assessment
26 roll under § 10-304 of this article because of damage due to an accident or a natural
27 disaster:

28 (i) the full benefit of the property tax abatement under § 10-304 of
29 this article may not be diminished by the amount of the credit;

30 (ii) the full benefit of that credit may not be diminished by the
31 property tax abatement under § 10-304 of this article and shall be reflected in the
32 assessment of the total property, including any new improvements, for the current
33 taxable year; and

34 (iii) the property shall be eligible to receive a credit under this
35 section for the current taxable year and the two succeeding taxable years regardless
36 of the existence or condition of the dwelling.

1 ~~(2) Neither the calculation of the abatement nor the assessment under~~
2 ~~this subsection shall include an assessment less than zero.~~

3 9-109.

4 ~~(J) (A) (1) THE STATE AND THE MAYOR AND THE CITY COUNCIL OF~~
5 ~~BALTIMORE CITY AND THE GOVERNING BODY OF EACH COUNTY AND OF EACH~~
6 ~~MUNICIPAL CORPORATION SHALL GRANT AN ADDITIONAL A PROPERTY TAX CREDIT~~
7 ~~AS DESCRIBED IN THIS SUBSECTION, UNDER THIS SECTION AGAINST THE COUNTY~~
8 ~~OR MUNICIPAL CORPORATION PROPERTY TAX IMPOSED ON REAL PROPERTY IF:~~

9 ~~(H) (1) THE HOMEOWNER IS OTHERWISE ELIGIBLE FOR THE~~
10 ~~CREDIT ALLOWED UNDER SUBSECTION (B) OF THIS SECTION § 9-105 OF THIS~~
11 ~~SUBTITLE;~~

12 ~~(H) (2) 1. (I) THE DWELLING IS:~~

13 ~~A. 1. DAMAGED OR DESTROYED DUE TO A NATURAL~~
14 ~~DISASTER; AND~~

15 ~~B. 2. SUBSEQUENTLY REPAIRED OR RECONSTRUCTED;~~

16 ~~2. (II) THE DWELLING IS REVALUED AFTER THE~~
17 ~~DWELLING IS REPAIRED OR RECONSTRUCTED; AND~~

18 ~~3. (III) AS A RESULT OF THE REVALUATION, THE~~
19 ~~ASSESSMENT OF THE DWELLING EXCEEDS THE LAST ASSESSMENT OF THE~~
20 ~~DWELLING; AND~~

21 ~~(H) (3) THE HOMEOWNER CLAIMING THE CREDIT HAD A LEGAL~~
22 ~~INTEREST IN THE DWELLING AT THE TIME THE DWELLING WAS DAMAGED OR~~
23 ~~DESTROYED AS DESCRIBED UNDER ~~ITEM (H) ITEM (2) OF THIS PARAGRAPH~~~~
24 ~~SUBSECTION.~~

25 ~~(2) (B) THE AMOUNT OF THE PROPERTY TAX CREDIT ALLOWED UNDER~~
26 ~~THIS SUBSECTION SECTION SHALL EQUAL THE FOLLOWING PERCENTAGE OF 100~~
27 ~~PERCENT OF THE PROPERTY TAX ATTRIBUTABLE TO AN INCREASE IN THE~~
28 ~~ASSESSMENT OF THE DWELLING UPON REVALUATION UNDER § 8-104(C)(1)(III) OF~~
29 ~~THIS ARTICLE, INCLUDING IMPROVEMENTS, OVER THE LAST ASSESSMENT OF THE~~
30 ~~DWELLING BEFORE THE REPAIR OR RECONSTRUCTION NATURAL DISASTER, LESS~~
31 ~~THE AMOUNT OF ANY ASSESSMENT ON WHICH A PROPERTY TAX CREDIT UNDER~~
32 ~~SUBSECTION (B) § 9-105 OF THIS SECTION IS AUTHORIZED, AS FOLLOWS: SUBTITLE.~~

33 ~~(C) A CREDIT UNDER THIS SECTION MAY NOT BE GRANTED FOR MORE THAN~~
34 ~~FIVE YEARS.~~

35 ~~(D) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE GOVERNING~~
36 ~~BODY OF A COUNTY OR MUNICIPAL CORPORATION SHALL:~~

1 (1) ESTABLISH PROCEDURES OR REQUIREMENTS FOR THE
2 APPLICATION, REVIEW, AND APPROVAL OF TAX CREDITS UNDER THIS SECTION; AND

3 (2) NOTIFY THE DEPARTMENT OF ANY CREDITS THAT HAVE BEEN
4 GRANTED UNDER THIS SECTION.

5 (E) THE CREDIT UNDER THIS SECTION MAY NOT BE CLAIMED FOR A
6 DWELLING FOR WHICH REPAIR OR RECONSTRUCTION IS COMPLETED:

7 (1) BEFORE SEPTEMBER 18, 2003; OR

8 (2) AFTER DECEMBER 31, 2006.

9 (I) ~~90% FOR THE 1ST TAXABLE YEAR IN WHICH THE HOMEOWNER~~
10 ~~CLAIMS THE CREDIT;~~

11 (II) ~~80% FOR THE 2ND TAXABLE YEAR IN WHICH THE HOMEOWNER~~
12 ~~CLAIMS THE CREDIT;~~

13 (III) ~~70% FOR THE 3RD TAXABLE YEAR IN WHICH THE HOMEOWNER~~
14 ~~CLAIMS THE CREDIT;~~

15 (IV) ~~60% FOR THE 4TH TAXABLE YEAR IN WHICH THE HOMEOWNER~~
16 ~~CLAIMS THE CREDIT;~~

17 (V) ~~50% FOR THE 5TH TAXABLE YEAR IN WHICH THE HOMEOWNER~~
18 ~~CLAIMS THE CREDIT;~~

19 (VI) ~~40% FOR THE 6TH TAXABLE YEAR IN WHICH THE HOMEOWNER~~
20 ~~CLAIMS THE CREDIT;~~

21 (VII) ~~30% FOR THE 7TH TAXABLE YEAR IN WHICH THE HOMEOWNER~~
22 ~~CLAIMS THE CREDIT;~~

23 (VIII) ~~20% FOR THE 8TH TAXABLE YEAR IN WHICH THE HOMEOWNER~~
24 ~~CLAIMS THE CREDIT;~~

25 (IX) ~~10% FOR THE 9TH TAXABLE YEAR IN WHICH THE HOMEOWNER~~
26 ~~CLAIMS THE CREDIT; AND~~

27 (X) ~~0% FOR EACH TAXABLE YEAR THEREAFTER.~~

28 (3) (I) ~~IN ORDER TO QUALIFY FOR THE TAX CREDIT UNDER THIS~~
29 ~~SUBSECTION, A HOMEOWNER CLAIMING THE CREDIT MUST APPLY TO THE~~
30 ~~DEPARTMENT AS PRESCRIBED BY THE DEPARTMENT BY REGULATION.~~

31 (II) ~~THE APPLICATION SHALL ESTABLISH TO THE SATISFACTION OF~~
32 ~~THE DEPARTMENT THAT THE APPLICANT IS ELIGIBLE FOR THE TAX CREDIT~~
33 ~~ALLOWED UNDER THIS SUBSECTION.~~

1 (III) IF APPROVED BY THE DEPARTMENT UNDER THIS PARAGRAPH,
2 THE TAX CREDIT UNDER THIS SUBSECTION SHALL BE INCLUDED ON THE
3 HOMEOWNER'S PROPERTY TAX BILL.

4 9-109.1.

5 (A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, THE MAYOR AND CITY
6 COUNCIL OF BALTIMORE CITY AND THE GOVERNING BODY OF EACH COUNTY AND OF
7 EACH MUNICIPAL CORPORATION SHALL GRANT A TAX CREDIT UNDER THIS SECTION
8 AGAINST THE COUNTY OR MUNICIPAL CORPORATION PROPERTY TAX IMPOSED ON
9 REAL PROPERTY IF:

10 (1) THE HOMEOWNER IS OTHERWISE ELIGIBLE FOR THE CREDIT
11 ALLOWED UNDER § 9-105 OF THIS SUBTITLE;

12 (2) (I) THE DWELLING IS:

13 1. DAMAGED OR DESTROYED DUE TO A NATURAL DISASTER;
14 AND

15 2. SUBSEQUENTLY REPAIRED OR RECONSTRUCTED;

16 (II) THE DWELLING IS REVALUED AFTER THE DWELLING IS
17 REPAIRED OR RECONSTRUCTED; AND

18 (III) AS A RESULT OF THE REVALUATION, THE ASSESSMENT OF THE
19 DWELLING EXCEEDS THE LAST ASSESSMENT OF THE DWELLING; AND

20 (3) THE HOMEOWNER CLAIMING THE EXEMPTION HAD A LEGAL
21 INTEREST IN THE DWELLING AT THE TIME THE DWELLING WAS DAMAGED OR
22 DESTROYED AS DESCRIBED UNDER ITEM (2) OF THIS SUBSECTION.

23 (B) A HOMEOWNER MAY RECEIVE A TAX CREDIT UNDER THIS SECTION ONLY
24 IF THE HOMEOWNER QUALIFIED FOR AND RECEIVED A TAX CREDIT UNDER § 9-109
25 OF THIS SUBTITLE.

26 (C) THE AMOUNT OF THE PROPERTY TAX CREDIT ALLOWED UNDER THIS
27 SECTION SHALL EQUAL 50% OF THE PROPERTY TAX ATTRIBUTABLE TO AN INCREASE
28 IN THE ASSESSMENT OF THE DWELLING UPON REVALUATION UNDER § 8-104(C)(1)(III)
29 OF THIS ARTICLE, INCLUDING IMPROVEMENTS, OVER THE LAST ASSESSMENT OF
30 THE DWELLING BEFORE THE NATURAL DISASTER, LESS THE AMOUNT OF ANY
31 ASSESSMENT ON WHICH A PROPERTY TAX CREDIT UNDER § 9-105 OF THIS SUBTITLE
32 HAS BEEN AUTHORIZED.

33 (D) A CREDIT UNDER THIS SECTION MAY NOT BE GRANTED FOR MORE THAN
34 THREE YEARS.

35 (E) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE GOVERNING
36 BODY OF A COUNTY OR MUNICIPAL CORPORATION SHALL:

1 (1) ESTABLISH PROCEDURES OR REQUIREMENTS FOR THE
2 APPLICATION, REVIEW, AND APPROVAL OF TAX CREDITS UNDER THIS SECTION; AND

3 (2) NOTIFY THE DEPARTMENT OF ANY CREDITS THAT HAVE BEEN
4 GRANTED UNDER THIS SECTION.

5 (4) (F) THE CREDIT UNDER THIS SUBSECTION MAY NOT BE CLAIMED
6 FOR A DWELLING FOR WHICH REPAIR OR RECONSTRUCTION IS COMPLETED:

7 (1) BEFORE SEPTEMBER 18, 2003; OR

8 (2) AFTER DECEMBER 31, 2006.

9 ~~{j}~~ (K) The Department shall adopt rules and regulations to implement this
10 ~~section.~~

11 ~~{k}~~ (L) The tax credit under this section shall be known as the homestead
12 ~~property tax credit.~~

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
14 June 1, 2005, and shall be applicable to all taxable years beginning after June 30,
15 2005.