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By: **Senators Brinkley and Mooney**

Introduced and read first time: February 4, 2005

Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2 **Frederick County - Property Tax - Homestead Tax Credit Percentage**

3 FOR the purpose of altering the maximum homestead property tax credit percentage

4 in Frederick County; providing for the application of this Act; and generally

5 relating to the homestead property tax credit percentage in Frederick County.

6 BY repealing and reenacting, with amendments,

7 Article - Tax - Property

8 Section 9-105(e)

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 9-105.

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

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

19 (ii) subtracting that amount from the current year's assessment;  
20 and

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

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

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

1 (ii) for the county property tax:

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

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

8 (iii) for the municipal corporation property tax:

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

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

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

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

23 (5) (I) [The] EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS  
24 PARAGRAPH, THE homestead credit percentage for any county or municipal  
25 corporation property tax:

26 [(i)] 1. may not be less than 100% or exceed 110% for any taxable  
27 year; and

28 [(ii)] 2. shall be expressed in increments of 1 percentage point.

29 (II) IN FREDERICK COUNTY, THE HOMESTEAD CREDIT  
30 PERCENTAGE MAY NOT BE LESS THAN 100% OR EXCEED 105% FOR ANY TAXABLE  
31 YEAR.

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

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

4       SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
5 October 1, 2005, and shall be applicable to all taxable years beginning after June 30,  
6 2006.