
By: **Senator Brinkley**

Introduced and read first time: March 2, 2005

Assigned to: Rules

Re-referred to: Budget and Taxation, March 4, 2005

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 28, 2005

CHAPTER _____

1 AN ACT concerning

2 **Agricultural Limited Liability Entities - Homestead Tax Credit**

3 FOR the purpose of altering certain definitions to include partners in certain limited
 4 liability partnerships within the definition of "homeowner" for certain property
 5 tax purposes under certain circumstances; providing for the application of this
 6 Act; authorizing the Department of Assessments and Taxation to accept certain
 7 applications on or before a certain date; and generally relating to including
 8 partners in certain limited liability partnerships within the definition of
 9 "homeowner" for certain property tax purposes under certain circumstances.

10 BY repealing and reenacting, without amendments,
 11 Article - Tax - Property
 12 Section 9-105(a)(1)
 13 Annotated Code of Maryland
 14 (2001 Replacement Volume and 2004 Supplement)

15 BY repealing and reenacting, with amendments,
 16 Article - Tax - Property
 17 Section 9-105(a)(3), (6), and (7) and (c)(4)
 18 Annotated Code of Maryland
 19 (2001 Replacement Volume and 2004 Supplement)

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

1 **Article - Tax - Property**

2 9-105.

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

4 (3) "Homeowner" means an individual who has a legal interest in a
5 dwelling or who is an active member of an agricultural limited liability [company]
6 ENTITY that has a legal interest in a dwelling.7 (6) "Agricultural limited liability [company] ENTITY" means a limited
8 liability company OR LIMITED LIABILITY PARTNERSHIP that:

9 (i) owns real property that:

10 1. includes land receiving an agricultural use assessment
11 under § 8-209 of this article; and12 2. includes land used as a homesite that is part of or
13 contiguous to a parcel described in item 1 of this item;14 (ii) owns personal property used to operate the agricultural land;
15 and

16 (iii) owns no other property.

17 (7) "Active member" means a member of a limited liability company OR
18 PARTNER IN A LIMITED LIABILITY PARTNERSHIP who has or shares the authority to
19 manage, control, and operate the limited liability company OR LIMITED LIABILITY
20 PARTNERSHIP and who shares the assets and earnings of the limited liability
21 company OR LIMITED LIABILITY PARTNERSHIP under an operating agreement under
22 § 4A-402 of the Corporations and Associations Article OR UNDER A PARTNERSHIP
23 AGREEMENT.24 (c) (4) (i) For a homeowner who is an active member of an agricultural
25 limited liability [company] ENTITY to qualify for the property tax credit under this
26 section:27 1. the dwelling must have been owned and occupied by the
28 active member:29 A. at the time of its transfer to the agricultural limited
30 liability [company] ENTITY; or31 B. if THE AGRICULTURAL LIMITED LIABILITY ENTITY IS A
32 LIMITED LIABILITY COMPANY AND the dwelling was originally transferred to the
33 agricultural limited liability [company] ENTITY as part of a conversion from a
34 partnership under § 4A-211 of the Corporations and Associations Article, then at the
35 time of its transfer to the former partnership; and

1 2. the agricultural limited liability [company] ENTITY and
2 the active member who occupies the dwelling must file an application with the
3 Department establishing initial eligibility for the credit on or before June 30 for the
4 following taxable year and, at the request of the Department, must file an application
5 in any future year to verify continued eligibility.

6 (ii) Failure to file a timely application may result in
7 disqualification from the Homestead Tax Credit Program for the following taxable
8 year.

9 (iii) The credit may only be granted to one dwelling owned by the
10 agricultural limited liability [company] ENTITY.

11 (iv) Participation in the credit program as the active member of an
12 agricultural limited liability [company] ENTITY disqualifies any other dwellings
13 owned by the active member for the credit.

14 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before September
15 30, 2005, the Department of Assessments and Taxation may accept applications for
16 the Homestead Tax Credit under § 9-105 of the Tax - Property Article for the taxable
17 year beginning July 1, 2005, from a member of a limited liability partnership who is
18 eligible for the credit as a result of Section 1 of this Act.

19 ~~SECTION 2. 3.~~ AND BE IT FURTHER ENACTED, That this Act shall take
20 effect June 1, 2005, and shall be applicable to all taxable years beginning after June
21 30, 2005.