

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE
Revised

House Bill 481
Ways and Means

(Delegate Cardin, *et al.*)

Budget and Taxation

Property Tax - Homestead Tax Credit - Eligibility

This bill provides that, for purposes of the Homestead Property Tax Credit, a homeowner may receive the homestead credit for the taxable year after a property transfers, under specified circumstances. For this to occur, the property must transfer between January 1 and the beginning of the next taxable year to a new owner and the property must have not been transferred on the assessment rolls prior to the beginning of the next taxable year. If that is the case, the new owner may submit an application to the State Department of Assessments and Taxation (SDAT) within 60 days of the property transfer. The date of transfer shall be the effective date of the deed as provided under current statute – if the date of recordation ultimately occurs after June 30, then the new property owner must submit a copy of the executed deed showing the date of transfer.

The bill takes effect July 1, 2005.

Fiscal Summary

State Effect: None. The bill is not expected to significantly affect State operations or finances.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Statute does not explicitly provide when the transfer of property is deemed to occur. However, courts in Maryland have ruled that the date of recordation is

the date of transfer. SDAT currently operates its programs under the notion that the date of transfer is the date of recordation.

Background: Court rulings have traditionally found that a transfer occurs when a deed is recorded in land records. Some property owners have argued that a transfer should occur on the date of settlement since this is the date that money changes hands and the deed is signed. This can affect the eligibility of the Homestead Tax Credit Program, as well as the timing of exemptions. The date a deed is recorded in land records is an absolute date which is known.

This bill closely resembles language in statute permitting new owners to appeal their property assessment if the property was transferred between January 1 and June 30. The burden is on the property owner to request the qualification under the Homestead Tax Credit Program as the July 1 owner of record. The major benefit would be for property owners who go to settlement in May and June but do not have their deed recorded by July 1.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): State Department of Assessments and Taxation, Somerset County, Montgomery County, Prince George's County, Charles County, Baltimore County, Frederick County, Department of Legislative Services

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