

(PRE-FILED)

By: **Delegates Cluster and Boteler**
 Requested: October 24, 2005
 Introduced and read first time: January 11, 2006
 Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Property Tax - Homeowners' Property Tax Credit - Income Limitations**

3 FOR the purpose of altering the definition of "gross income" under the homeowners'
4 property tax credit to exclude benefits under the Social Security Act and the
5 Railroad Retirement Act; providing for the application of this Act; and generally
6 relating to the homeowners' property tax credit.

7 BY repealing and reenacting, without amendments,
8 Article - Tax - Property
9 Section 9-104(a)(1) and (3) and (g)
10 Annotated Code of Maryland
11 (2001 Replacement Volume and 2005 Supplement)

12 BY repealing and reenacting, with amendments,
13 Article - Tax - Property
14 Section 9-104(a)(8)
15 Annotated Code of Maryland
16 (2001 Replacement Volume and 2005 Supplement)

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

19 **Article - Tax - Property**

20 9-104.

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

22 (3) "Combined income" means the combined gross income of all
23 individuals who actually reside in a dwelling except an individual who:

24 (i) is a dependent of the homeowner under § 152 of the Internal
25 Revenue Code; or

1 (ii) pays a reasonable amount for rent or room and board.

2 (8) (i) "Gross income" means the total income from all sources for the
3 calendar year that immediately precedes the taxable year, whether or not the income
4 is included in the definition of gross income for federal or State tax purposes.

5 (ii) "Gross income" includes:

6 1. [any benefit under the Social Security Act or the Railroad
7 Retirement Act;

8 2.] the aggregate of gifts over \$300;

9 [3.] 2. alimony;

10 [4.] 3. support money;

11 [5.] 4. any nontaxable strike benefit;

12 [6.] 5. public assistance received in a cash grant;

13 [7.] 6. a pension;

14 [8.] 7. an annuity;

15 [9.] 8. any unemployment insurance benefit;

16 [10.] 9. any workers' compensation benefit;

17 [11.] 10. the net income received from a business, rental, or
18 other endeavor; and

19 [12.] 11. any rent on the dwelling, including the rent from a
20 room or apartment.

21 (iii) "Gross income" does not include:

22 1. any income tax refund received from the State or federal
23 government; [or]

24 2. any loss from business, rental, or other endeavor; OR

25 3. ANY BENEFIT UNDER THE SOCIAL SECURITY ACT OR THE
26 RAILROAD RETIREMENT ACT.

27 (g) (1) Except as provided in subsection (g-1) of this section, the property
28 tax credit under this section is the total real property tax of a dwelling, less the
29 percentage of the combined income of the homeowner that is described in paragraph
30 (2) of this subsection.

31 (2) The percentage is:

- 1 (i) 0% of the 1st \$4,000 of combined income;
- 2 (ii) 1% of the 2nd \$4,000 of combined income;
- 3 (iii) 4.5% of the 3rd \$4,000 of combined income;
- 4 (iv) 6.5% of the 4th \$4,000 of combined income; and
- 5 (v) 9% of the combined income over \$16,000.

6 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
7 June 1, 2006, and shall be applicable to all taxable years beginning after June 30,
8 2006.