

(PRE-FILED)

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By: **Delegates McMillan, Boschert, Costa, Dwyer, Gilleland, Impallaria,  
Leopold, McConkey, Parker, Smigiel, Sossi, and Cryor**

Requested: November 15, 2005

Introduced and read first time: January 11, 2006

Assigned to: Ways and Means

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A BILL ENTITLED

1 AN ACT concerning

2 **Homeowner's Property Tax Assessment Cap**

3 FOR the purpose of altering the maximum percentage used to determine the  
4 homestead property tax credit for State, county, and municipal corporation  
5 property tax purposes; providing for the application of this Act; providing for the  
6 termination of this Act; and generally relating to altering the percentage used to  
7 determine the homestead property tax credit.

8 BY repealing and reenacting, with amendments,  
9 Article - Tax - Property  
10 Section 9-105(e)  
11 Annotated Code of Maryland  
12 (2001 Replacement Volume and 2005 Supplement)

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

15 **Article - Tax - Property**

16 9-105.

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

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

21 (ii) subtracting that amount from the current year's assessment;  
22 and

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

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

3 (i) for the State property tax, [110%] 105%;

4 (ii) for the county property tax:

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

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

11 (iii) for the municipal corporation property tax:

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

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

18 (3) Subject to paragraph (5) of this subsection, the Mayor and City  
19 Council of Baltimore City and the governing body of a county on or before November  
20 15 of any year shall set, by law, the homestead credit percentage for the taxable year  
21 beginning the following July 1.

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

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

28 (i) may not be less than 100% or exceed [110%] 105% for any  
29 taxable year; and

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

31 (6) The Mayor and City Council of Baltimore City and the governing  
32 body of a county shall notify the Department of any action taken under paragraph (3)  
33 of this subsection on or before November 15 preceding the taxable year for which the  
34 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  
5 effect October 1, 2006, and shall be applicable to all taxable years after June 30, 2007.  
6 It shall remain effective for a period of 3 years and, at the end of September 30, 2009,  
7 with no further action required by the General Assembly, this Act shall be abrogated  
8 and of no further force and effect.