

**ENROLLED BILL**  
-- Ways and Means/Budget and Taxation --

Introduced by **Delegate V. Claggett**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this  
\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_ M.

\_\_\_\_\_  
Speaker.

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Homestead Tax Credit - Eligibility - Razed Property and Substantially**  
3 **Improved Property**

4 FOR the purpose of providing that ~~for purposes of the homestead property tax credit,~~  
5 a homeowner otherwise eligible for the homestead property tax credit who does  
6 not actually reside in a dwelling for the required period of time under certain  
7 circumstances may continue to qualify for the credit for certain tax years;  
8 providing that the full benefit of the credit received in the previous existing at  
9 the commencement of a certain taxable year shall be reflected in the taxable  
10 assessment of the total property for the current taxable year under certain  
11 circumstances, regardless of the homeowner's actual occupancy of the dwelling  
12 may not be diminished, subject to certain exceptions; providing for the  
13 calculation of the homestead credit associated with the initial taxable  
14 assessment of certain improvements; providing for the retroactive application of  
15 this Act; providing for certain refunds under certain circumstances; and  
16 generally relating to the homestead property tax credit.

17 BY ~~adding to~~ repealing and reenacting, with amendments,

1 Article - Tax - Property  
2 Section ~~9-105(h)~~ 9-105(c)  
3 Annotated Code of Maryland  
4 (2001 Replacement Volume and 2005 Supplement)

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

7 **Article - Tax - Property**

8 9-105.

9 ~~(h) (1) THIS SUBSECTION APPLIES ONLY IF:~~

10 ~~(i) A HOMEOWNER HAS HELD A LEGAL INTEREST IN A DWELLING~~  
11 ~~FOR AT LEAST THE 3 FULL PREVIOUS TAX YEARS; AND~~

12 ~~(ii) THE DWELLING WAS ELIGIBLE FOR A CREDIT UNDER THIS~~  
13 ~~SECTION FOR THE PREVIOUS TAXABLE YEAR.~~

14 ~~(2) IF DURING THE PREVIOUS TAXABLE YEAR A DWELLING ON~~  
15 ~~PROPERTY WAS RAZED BY THE HOMEOWNER FOR THE PURPOSE OF REPLACING IT~~  
16 ~~WITH A NEW DWELLING OR WAS VACATED BY THE HOMEOWNER FOR THE PURPOSE~~  
17 ~~OF MAKING SUBSTANTIAL IMPROVEMENTS TO THE PROPERTY, THE FULL BENEFIT~~  
18 ~~OF THE CREDIT RECEIVED UNDER THIS SECTION IN THE PREVIOUS TAXABLE YEAR~~  
19 ~~SHALL BE REFLECTED IN THE TAXABLE ASSESSMENT OF THE TOTAL PROPERTY,~~  
20 ~~INCLUDING ANY NEW IMPROVEMENTS, FOR THE CURRENT TAXABLE YEAR,~~  
21 ~~REGARDLESS OF THE HOMEOWNER'S ACTUAL OCCUPANCY OF THE DWELLING.~~

22 ~~(3) THE ASSESSMENT CALCULATED UNDER THIS SUBSECTION MAY NOT~~  
23 ~~BE LESS THAN ZERO.~~

24 (c) (1) If a dwelling is not used primarily for residential purposes, the  
25 Department shall apportion the total property assessment between the part of the  
26 dwelling that is used for residential purposes and the part of the dwelling that is not  
27 used for residential purposes.

28 (2) If a homeowner does not actually reside in a dwelling for the required  
29 time period because of illness or need of special care and is otherwise eligible for a  
30 property tax credit under this section, the homeowner may qualify for the property  
31 tax credit under this section.

32 (3) If a homeowner otherwise eligible for a credit under this section does  
33 not actually reside in a dwelling for the required time period because the dwelling is  
34 damaged due to an accident or natural disaster, the homeowner may continue to  
35 qualify for a credit under this section for the current taxable year and 2 succeeding  
36 taxable years even if the dwelling has been removed from the assessment roll in  
37 accordance with § 10-304 of this article.

1                   (4)    (i)    For a homeowner who is an active member of an agricultural  
2 limited liability entity to qualify for the property tax credit under this section:

3                                   1.    the dwelling must have been owned and occupied by the  
4 active member:

5                                   A.    at the time of its transfer to the agricultural limited  
6 liability entity; or

7                                   B.    if the agricultural limited liability entity is a limited  
8 liability company and the dwelling was originally transferred to the agricultural  
9 limited liability entity as part of a conversion from a partnership under § 4A-211 of  
10 the Corporations and Associations Article, then at the time of its transfer to the  
11 former partnership; and

12                                   2.    the agricultural limited liability entity and the active  
13 member who occupies the dwelling must file an application with the Department  
14 establishing initial eligibility for the credit on or before June 30 for the following  
15 taxable year and, at the request of the Department, must file an application in any  
16 future year to verify continued eligibility.

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

20                                   (iii)    The credit may only be granted to one dwelling owned by the  
21 agricultural limited liability entity.

22                                   (iv)    Participation in the credit program as the active member of an  
23 agricultural limited liability entity disqualifies any other dwellings owned by the  
24 active member for the credit.

25                   (5)    (I)    THIS PARAGRAPH APPLIES ONLY IF THE HOMEOWNER OWNED  
26 AND OCCUPIED A DWELLING ON THE SUBJECT PROPERTY AS THE HOMEOWNER'S  
27 PRINCIPAL RESIDENCE FOR AT LEAST THE 3 TAX YEARS IMMEDIATELY PRECEDING  
28 THE RAZING OF THE DWELLING OR THE COMMENCEMENT OF SUBSTANTIAL  
29 IMPROVEMENTS ON THE PROPERTY.

30                                   (II)    IF A HOMEOWNER OTHERWISE ELIGIBLE FOR A CREDIT UNDER  
31 THIS SECTION DOES NOT ACTUALLY RESIDE IN A DWELLING ON THE SUBJECT  
32 PROPERTY FOR THE REQUIRED PERIOD OF TIME UNDER SUBSECTION (A)(2) OR  
33 SUBSECTION (D)(2) OF THIS SECTION BECAUSE THE DWELLING WAS RAZED BY THE  
34 HOMEOWNER FOR THE PURPOSE OF REPLACING IT WITH A NEW DWELLING OR WAS  
35 VACATED BY THE HOMEOWNER FOR THE PURPOSE OF MAKING SUBSTANTIAL  
36 IMPROVEMENTS TO THE PROPERTY, THE HOMEOWNER MAY CONTINUE TO QUALIFY  
37 FOR A CREDIT UNDER THIS SECTION FOR THE TAX YEAR IN WHICH THE RAZING OR  
38 THE SUBSTANTIAL IMPROVEMENTS WERE COMMENCED AND 1 SUCCEEDING TAX  
39 YEAR EVEN IF THE DWELLING HAS BEEN REMOVED FROM THE ASSESSMENT ROLL.

1                   (III) IF A HOMEOWNER QUALIFIES FOR A CREDIT UNDER THIS  
2 PARAGRAPH, THE FULL BENEFIT OF THE CREDIT EXISTING AT THE COMMENCEMENT  
3 OF THE TAX YEAR IN WHICH THE RAZING OR VACATING OF THE DWELLING  
4 OCCURRED MAY NOT BE DIMINISHED DURING THAT TAX YEAR EXCEPT THAT  
5 NEITHER THE CALCULATION OF THE ABATEMENT NOR THE ASSESSMENT UNDER  
6 THIS PARAGRAPH SHALL INCLUDE AN ASSESSMENT LESS THAN ZERO.

7                   (IV) IF A HOMEOWNER QUALIFIES FOR A CREDIT UNDER THIS  
8 PARAGRAPH, THE CALCULATION OF THE CREDIT ASSOCIATED WITH THE INITIAL  
9 TAXABLE ASSESSMENT OF THE SUBSTANTIALLY COMPLETED NEW IMPROVEMENTS,  
10 WHICH IS EFFECTIVE ON OR BEFORE THE SECOND JULY 1 AFTER THE RAZING OR  
11 VACATING OF THE DWELLING, SHALL INCLUDE THE REVALUATION UNDER §  
12 8-104(C)(1)(III) OF THIS ARTICLE.

13       SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
14 June 1, 2006, and shall be applicable to all taxable years beginning after June 30,  
15 ~~2006~~ 2003. For any taxable year beginning after June 30, 2003, but before July 1,  
16 2006:

17                   (1) the State, a county, and a municipal corporation shall provide refunds  
18 of any State, county, and municipal corporation property tax that a homeowner has  
19 paid on a dwelling in excess of the property tax properly imposed on the dwelling after  
20 reflecting the homestead property tax credit for the dwelling under § 9-105 of the Tax  
21 - Property Article as enacted by Section 1 of this Act; and

22                   (2) a claim for a refund of property tax authorized under this section that  
23 is submitted on or before December 31, 2006, shall be allowed notwithstanding the  
24 expiration of the time period for filing refund claims under § 14-915 of the Tax -  
25 Property Article.