
By: **Delegate G. Clagett**

Introduced and read first time: February 1, 2006

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Homestead Property Tax Credit**

3 FOR the purpose of altering the homestead credit percentage used for calculating the
4 homestead property tax credit under the State property tax; altering the
5 maximum homestead credit percentage that may be set by the City of Baltimore
6 or a county or municipal corporation for purposes of calculating the homestead
7 property tax credit under the county or municipal corporation property tax;
8 providing for the application of this Act; and generally relating to the homestead
9 property tax credit.

10 BY repealing and reenacting, with amendments,
11 Article - Tax - Property
12 Section 9-105(e)
13 Annotated Code of Maryland
14 (2001 Replacement Volume and 2005 Supplement)

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

17 **Article - Tax - Property**

18 9-105.

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

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

23 (ii) subtracting that amount from the current year's assessment;
24 and

25 (iii) if the difference is a positive number, multiplying the difference
26 by the applicable State, county, or municipal corporation property tax rate for the
27 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 effect
5 October 1, 2006, and shall be applicable to all taxable years beginning after June 30,
6 2007.