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By: **Senators Jacobs, Colburn, Harris, Hooper, and Mooney**

Introduced and read first time: January 23, 2006

Assigned to: Budget and Taxation

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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.

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

- 1 (i) for the State property tax, [110%] 105%;
- 2 (ii) for the county property tax:
- 3 1. the homestead credit percentage established by the county  
4 under paragraph (3) of this subsection; or
- 5 2. if the county has not set a percentage for the taxable year  
6 under paragraph (3) of this subsection or has not notified the Department as required  
7 under paragraph (6) of this subsection, the homestead credit percentage in effect for  
8 the county for the preceding taxable year; and
- 9 (iii) for the municipal corporation property tax:
- 10 1. the homestead credit percentage established by the  
11 municipal corporation under paragraph (4) of this subsection; or
- 12 2. if the municipal corporation has not set a percentage  
13 under paragraph (4) of this subsection or has not notified the Department as required  
14 under paragraph (7) of this subsection, the homestead credit percentage for the  
15 taxable year for the county in which the property is located.
- 16 (3) Subject to paragraph (5) of this subsection, the Mayor and City  
17 Council of Baltimore City and the governing body of a county on or before November  
18 15 of any year shall set, by law, the homestead credit percentage for the taxable year  
19 beginning the following July 1.
- 20 (4) Subject to paragraph (5) of this subsection, on or before November 25  
21 of any year, the governing body of a municipal corporation may set or alter, by law, a  
22 homestead credit percentage for the taxable year beginning the following July 1 and  
23 any subsequent taxable year.
- 24 (5) The homestead credit percentage for any county or municipal  
25 corporation property tax:
- 26 (i) may not be less than 100% or exceed [110%] 105% for any  
27 taxable year; and
- 28 (ii) shall be expressed in increments of 1 percentage point.
- 29 (6) The Mayor and City Council of Baltimore City and the governing  
30 body of a county shall notify the Department of any action taken under paragraph (3)  
31 of this subsection on or before November 15 preceding the taxable year for which the  
32 action is taken.
- 33 (7) A municipal corporation shall notify the Department of any action  
34 taken under paragraph (4) of this subsection on or before November 25 preceding the  
35 taxable year for which the action is taken.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take  
2 effect October 1, 2006, and shall be applicable to all taxable years after June 30, 2007.  
3 It shall remain effective for a period of 3 years and, at the end of September 30, 2009,  
4 with no further action required by the General Assembly, this Act shall be abrogated  
5 and of no further force and effect.