
By: **The President (By Request - Administration) and Senators Brinkley, Colburn, Giannetti, Greenip, Haines, Hooper, Jacobs, Kasemeyer, Kittleman, Mooney, Munson, Schrader, Stoltzfus, Stone, and Teitelbaum**

Introduced and read first time: January 23, 2006

Rules suspended

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Homeowners' Property Tax Credit - Calculation**

3 FOR the purpose of excluding certain items from the definition of "assets" for
4 purposes of a certain homeowners' property tax credit; including certain items in
5 the definition of "gross income" for purposes of the credit; altering the
6 maximum assessment against which the homeowners' property tax credit may
7 be calculated; altering the calculation of the credit; providing that the credit
8 may not be granted to a homeowner whose combined income exceeds a certain
9 amount for a certain calendar year; providing for the application of this Act; and
10 generally relating to the homeowners' property tax credit.

11 BY repealing and reenacting, with amendments,
12 Article - Tax - Property
13 Section 9-104(a)(2), (8), and (13), (g), and (i)(1)
14 Annotated Code of Maryland
15 (2001 Replacement Volume and 2005 Supplement)

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

18 **Article - Tax - Property**

19 9-104.

- 20 (a) (2) (i) "Assets" include:
- 21 1. real property;
 - 22 2. cash;
 - 23 3. savings accounts;
 - 24 4. stocks;

1 5. bonds; and

2 6. any other investment.

3 (ii) "Assets" do not include:

4 1. the dwelling for which a property tax credit is sought

5 under this section;

6 2. the cash value of the life insurance policies on the life of

7 the homeowner; [or]

8 3. THE CASH VALUE OF ANY QUALIFIED RETIREMENT
9 SAVINGS PLANS OR INDIVIDUAL RETIREMENT ACCOUNTS; OR

10 [3.] 4. tangible personal property.

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

14 (ii) "Gross income" includes:

15 1. any benefit under the Social Security Act or the Railroad
16 Retirement Act;

17 2. the aggregate of gifts over \$300;

18 3. alimony;

19 4. support money;

20 5. any nontaxable strike benefit;

21 6. public assistance received in a cash grant;

22 7. a pension;

23 8. an annuity;

24 9. any unemployment insurance benefit;

25 10. any workers' compensation benefit;

26 11. the net income received from a business, rental, or other
27 endeavor; [and]

28 12. ANY WITHDRAWAL, PAYMENT, OR DISTRIBUTION FROM
29 AN INDIVIDUAL RETIREMENT ACCOUNT;

1 13. ANY WITHDRAWAL, PAYMENT, OR DISTRIBUTION FROM
 2 ANY QUALIFIED RETIREMENT SAVINGS PLAN; AND

3 [12.] 14. any rent on the dwelling, including the rent from a
 4 room or apartment.

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

6 1. any income tax refund received from the State or federal
 7 government; or

8 2. any loss from business, rental, or other endeavor.

9 (13) "Total real property tax" means the product of the sum of all property
 10 tax rates on real property, including special district tax rates, for the taxable year on
 11 a dwelling, multiplied by the lesser of:

12 (i) [\$150,000] \$300,000; or

13 (ii) the assessed value of the dwelling reduced by the amount of any
 14 assessment on which a property tax credit is granted under § 9-105 of this subtitle.

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

19 (2) The percentage is:

20 (i) 0% of the 1st \$4,000 of combined income;

21 (ii) [1%] 0% of the 2nd \$4,000 of combined income;

22 (iii) 4.5% of the 3rd \$4,000 of combined income;

23 (iv) 6.5% of the 4th \$4,000 of combined income; and

24 (v) 9% of the combined income [over \$16,000] BETWEEN \$16,000
 25 AND \$55,000.

26 (i) (1) A property tax credit under this section may not be granted to a
 27 homeowner whose combined net worth exceeds \$200,000 as of December 31 of the
 28 calendar year that precedes the year in which the homeowner applies for the property
 29 tax credit OR WHOSE COMBINED INCOME EXCEEDS \$55,000 IN THAT SAME CALENDAR
 30 YEAR.

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
 32 effect June 1, 2006, and be applicable for all tax years beginning after June 30, 2006.