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By: **Senators Klausmeier, Brochin, Garagiola, Hafer, Jacobs, and  
Teitelbaum Brinkley, Colburn, Conway, Currie, DeGrange, Della, Exum,  
Giannetti, Green, Greenip, Haines, Hogan, Hooper, Hughes, Jones,  
Jimeno, Kasemeyer, Kelley, Kramer, Lawlah, McFadden, Middleton,  
Mooney, Munson, Ruben, Schrader, Stoltzfus, Stone, and Teitelbaum**

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Assigned to: Budget and Taxation

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Committee Report: Favorable with amendments  
Senate action: Adopted  
Read second time: March 24, 2006

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Property Tax - Homeowners' Property Tax Credits—Senior Citizen**  
3 **Homeowners Credit and Renters' Property Tax Relief**

4 FOR the purpose of altering the maximum assessed value of a dwelling on which a  
5 certain homeowners' property tax credit is calculated to provide a certain credit  
6 for certain senior citizens under certain circumstances; defining certain terms;  
7 altering the computation of the credit; excluding certain items from the  
8 definition of "assets" for purposes of the credit; including certain items in the  
9 definition of "gross income" for purposes of the credit; providing that the credit  
10 may not be granted to a homeowner whose combined income exceeds a certain  
11 amount for a certain calendar year; altering the maximum amount of certain  
12 property tax relief provided to certain renters; providing for the application of  
13 this Act; and generally relating to a certain homeowners' property tax credit for  
14 senior citizen homeowners and certain renters' property tax relief.

15 BY repealing and reenacting, with amendments,  
16 Article - Tax - Property  
17 Section ~~9-104~~ 9-102(i) and 9-104(a)(2), (8), and (13), (g), and (i)(1)  
18 Annotated Code of Maryland  
19 (2001 Replacement Volume and 2005 Supplement)

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

Article - Tax - Property

1  
2 9-102.

3 (i) The property tax relief under this section may not be:

4 (1) more than [\$600] \$750;

5 (2) granted to any renter whose combined net worth exceeds \$200,000 as  
6 of December 31 of the calendar year for which the property tax relief is sought;

7 (3) granted to any renter whose dwelling is exempt from property tax;

8 and

9 (4) granted if the credit under this section is less than \$1 in any year.

10 9-104.

11 (a) ~~(1) In this section the following words have the meanings indicated.~~

12 (a) (2) (i) "Assets" include:

13 1. real property;

14 2. cash;

15 3. savings accounts;

16 4. stocks;

17 5. bonds; and

18 6. any other investment.

19 (ii) "Assets" do not include:

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

21 under this section;

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

23 the homeowner; ~~or~~

24 3. THE CASH VALUE OF ANY QUALIFIED RETIREMENT  
25 SAVINGS PLANS OR INDIVIDUAL RETIREMENT ACCOUNTS; OR

26 ~~3.~~ 4. tangible personal property.

27 ~~(3) "Combined income" means the combined gross income of all~~  
28 ~~individuals who actually reside in a dwelling except an individual who:~~

29 ~~(i) is a dependent of the homeowner under § 152 of the Internal~~  
30 ~~Revenue Code; or~~

1 (ii) pays a reasonable amount for rent or room and board.

2 (4) "Current market value" means:

3 (i) for residential property, the value as determined by the  
4 Department; and

5 (ii) for farmland, marshland, and woodland, the value under Title  
6 8, Subtitle 2 of this article as determined by the Department.

7 (5) "Disabled veteran" has the meaning stated in § 7-208(a) of this  
8 article.

9 (6) "Dwelling" means:

10 (i) for a homeowner who is not a home purchaser, a house that is:

11 1. used as the principal residence of a homeowner and the lot  
12 or curtilage on which the house is erected;

13 2. occupied by not more than 2 families; and

14 3. actually occupied or expected to be actually occupied by  
15 the homeowner for more than 6 months of a 12-month period, which actual or  
16 expected occupancy period shall include July 1 of the taxable year for which the  
17 property tax credit under this section is sought; or

18 (ii) for a homeowner who is a home purchaser, a house that is:

19 1. used as the principal residence of a homeowner and the lot  
20 or curtilage on which the house is erected;

21 2. occupied by not more than 2 families; and

22 3. actually occupied or expected to be actually occupied by  
23 the home purchaser for the remainder of the taxable year for which the property tax  
24 credit under this section is sought.

25 (7) "Final tax liability" means the tax liability for any property tax on the  
26 real property of a dwelling less any property tax credit provided under this section.

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

30 (ii) "Gross income" includes:

31 1. any benefit under the Social Security Act or the Railroad  
32 Retirement Act;

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





1 (i) the State shall appropriate sufficient funds to reimburse the  
2 full amount of tax credits granted under this section; and

3 (ii) the State, and not the local governments, shall bear the burden  
4 of any insufficiency of funds to fully reimburse the counties for property tax credits  
5 under this section.

6 (3) For any fiscal year, if State appropriations for reimbursement of tax  
7 credits under this section do not provide sufficient funds to fully reimburse the  
8 counties for tax credits granted under this section, the Governor shall include in the  
9 budget bill for the next fiscal year a deficiency appropriation to provide the additional  
10 funds to fully reimburse the counties.

11 (b) The Department shall adopt regulations to carry out this section.

12 (c) (1) Except as provided in subsection (c) of this section, the Department is  
13 responsible for the administrative duties that relate to the application and  
14 determination of eligibility for a property tax credit under this section.

15 (2) The Department may:

16 (i) make an agreement with a county collector for limited  
17 assistance with a part of the administrative duties; and

18 (ii) reimburse the county for the reasonable cost of the assistance  
19 provided.

20 (3) When an applicant for the property tax credit under this section  
21 resides in an independent living unit at a continuing care facility for the aged, the  
22 Department shall determine for the independent living unit:

23 (i) the lot size;

24 (ii) the assessed value of land and building; and

25 (iii) the total real property tax.

26 (d) When an assessment notice is sent to a homeowner, the Department shall  
27 give notice of the possible property tax credit under this section.

28 (e) (1) The Comptroller shall include, in each package of income tax forms  
29 and instructions, notice of the availability of a property tax credit under this section.  
30 Notice shall include any information needed to convey:

31 (i) eligibility;

32 (ii) filing deadlines;

33 (iii) applicable limitations; and

34 (iv) contact information for application forms.

- 1           (2) Notice in the package of income tax forms and instructions shall be:
- 2                   (i) prominently placed;
- 3                   (ii) printed in an open typeface, such as helvetica, no smaller than  
4 10 points; and
- 5                   (iii) positioned and colored to distinguish it from income tax  
6 material.
- 7           (3) For income verification, the Comptroller shall:
- 8                   (i) cooperate with the Department in adopting a procedure to audit  
9 the application forms; and
- 10                  (ii) notwithstanding § 13-202 of the Tax General Article, supply  
11 the Department with additional information.
- 12           (4) The Comptroller shall assist the Department in a postaudit of each  
13 application.
- 14   (f) A homeowner who meets the requirements of this section shall be granted  
15 the property tax credit under this section against the property tax imposed on the real  
16 property of the dwelling.
- 17   (g) (1) Except as provided in subsection (g-1) of this section, the property  
18 tax credit under this section is the total real property tax of a dwelling, less the  
19 percentage of the combined income of the homeowner that is described in paragraph  
20 (2) of this subsection.
- 21           (2) The percentage is:
- 22                   (i) 0% of the 1st \$4,000 \$8,000 of combined income;
- 23                   (ii) ~~1% of the 2nd \$4,000 of combined income;~~
- 24                   (iii) (II) ~~4.5%~~ 4% of the ~~3rd~~ NEXT \$4,000 of combined income;
- 25                   (iv) (III) 6.5% of the ~~4th~~ NEXT \$4,000 of combined income; and
- 26                   (v) (IV) 9% of the combined income over \$16,000.
- 27   (g-1) For home purchasers, the property tax credit is the amount of the credit as  
28 calculated under subsection (g) of this section multiplied by a fraction, where:
- 29                   (1) the numerator of the fraction is the number of days in the fiscal year  
30 that the home purchaser actually occupies or expects to actually occupy a dwelling in  
31 which the home purchaser has a legal interest; and
- 32                   (2) the denominator is 365 days.

1 (G-2) (1) IN THIS SUBSECTION, "TOTAL REAL PROPERTY TAX" MEANS THE  
2 PRODUCT OF MULTIPLYING:

3 (I) THE SUM OF ALL PROPERTY TAX RATES ON REAL PROPERTY,  
4 INCLUDING SPECIAL TAXING DISTRICT TAX RATES, IMPOSED ON A DWELLING; AND

5 (II) THE ASSESSED VALUE OF THE DWELLING REDUCED BY THE  
6 AMOUNT OF ANY ASSESSMENT ON WHICH A PROPERTY TAX CREDIT IS GRANTED  
7 UNDER § 9-105 OF THIS SUBTITLE.

8 (2) FOR A HOMEOWNER WHO MEETS THE REQUIREMENTS OF  
9 PARAGRAPH (3) OF THIS SUBSECTION, THE PROPERTY TAX CREDIT UNDER THIS  
10 SECTION IS THE GREATER OF:

11 (I) THE AMOUNT DETERMINED UNDER SUBSECTION (G) OF THIS  
12 SECTION; AND

13 (II) THE AMOUNT BY WHICH THE TOTAL REAL PROPERTY TAX OF A  
14 DWELLING FOR THE TAXABLE YEAR EXCEEDS THE TOTAL REAL PROPERTY TAX OF  
15 THE DWELLING FOR THE FIRST TAXABLE YEAR IN WHICH:

16 1. THE HOMEOWNER OR THE HOMEOWNER'S SPOUSE WAS A  
17 SENIOR CITIZEN; AND

18 2. THE HOMEOWNER'S DWELLING WAS NOT SUBJECT TO  
19 ANY LIENS OR MORTGAGES.

20 (3) TO QUALIFY FOR THE PROPERTY TAX CREDIT UNDER THIS  
21 SUBSECTION, A HOMEOWNER SHALL:

22 (I) BE A SENIOR CITIZEN OR BE MARRIED TO A SENIOR CITIZEN  
23 AND FILE A JOINT MARYLAND INCOME TAX RETURN;

24 (II) HAVE A COMBINED INCOME THAT DOES NOT EXCEED \$70,000;  
25 AND

26 (III) HAVE PAID OFF ANY LIENS OR MORTGAGES AGAINST THE  
27 DWELLING.

28 (4) THE LIMITATION UNDER SUBSECTION (1)(1) OF THIS SECTION DOES  
29 NOT APPLY TO A CREDIT GRANTED UNDER THIS SUBSECTION.

30 (h) If a surviving spouse of a homeowner has not remarried and meets the  
31 qualifications except for age or disability, the property tax credit under this section is  
32 available to the unmarried surviving spouse.

33 (i) (1) A property tax credit under this section may not be granted to a  
34 homeowner whose combined net worth exceeds \$200,000 as of December 31 of the  
35 calendar year that precedes the year in which the homeowner applies for the property

1 tax credit OR WHOSE COMBINED GROSS INCOME EXCEEDS \$60,000 IN THAT SAME  
 2 CALENDAR YEAR.

3 (2) If a property tax credit under this section is less than \$1 in any  
 4 taxable year, the credit may not be granted.

5 (3) A homeowner may claim a property tax credit under this section for  
 6 only 1 dwelling.

7 (4) Except as provided in subsection (s) of this section, if a property tax  
 8 credit is issued under this section, the credit or a voucher for a credit may be used  
 9 only in the taxable year in which it was issued or the next succeeding taxable year.  
 10 However, a homeowner whose dwelling is sold for taxes may receive the credit until  
 11 the final decree under § 14-844 of this article is entered.

12 (j) A homeowner may qualify for a property tax credit under this section if the  
 13 homeowner does not actually reside in the dwelling for the required time period  
 14 because of illness or need of special care even if the homeowner:

15 (1) rents the dwelling for less than 1 year; or

16 (2) rents the dwelling for more than 1 year to a member of the  
 17 homeowner's immediate family.

18 (k) (1) Except as provided in subsections (k-1) and (s) of this section, on or  
 19 before September 1 of the taxable year in which the property tax credit under this  
 20 section is sought, a homeowner may apply to the Department for a property tax credit  
 21 under this section. The application shall be made on the form that the Department  
 22 provides.

23 (2) (i) For good cause, the Department may accept an application after  
 24 September 1 but on or before October 31 of the taxable year.

25 (ii) The Department shall notify the homeowner in writing of its  
 26 acceptance or rejection of a late application.

27 (3) The homeowner shall state under oath that the facts in the  
 28 application are true.

29 (4) To substantiate the application, the applicant may be required to  
 30 provide a copy of an income tax return, or other evidence detailing gross income or net  
 31 worth.

32 (k-1) (1) A home purchaser may apply to the Department for a property tax  
 33 credit under this section after the execution of a contract of sale on the dwelling or  
 34 settlement on the dwelling by filing an application on the form that the Department  
 35 provides.

36 (2) The home purchaser shall state under oath that the facts in the  
 37 application are true.

1           (3)     To substantiate the application, the Department may require the  
2 applicant to provide a copy of an income tax return, or other evidence detailing gross  
3 income or net worth.

4           (4)     If the home purchaser files an application for a credit under this  
5 section prior to settlement, the purchaser must file this application within 7 working  
6 days after the execution of a contract of sale.

7           (5)     Upon receipt of an application prior to settlement, the Department:

8                   (i)     may further require the applicant to provide a copy of the  
9 executed sale agreement;

10                   (ii)    shall determine the amount, if any, of the credit for which the  
11 home purchaser is eligible under this section; and

12                   (iii)   shall notify the home purchaser in writing of its decision within  
13 5 working days from receipt of the application.

14           (6)     The Department shall adopt regulations governing the application  
15 for and granting of a credit before settlement as provided under this section.

16           (7)     On certification by the Department, the Comptroller shall pay to the  
17 home purchaser the property tax credit due under this section unless the credit was  
18 used to adjust the home purchaser's final tax liability paid at settlement under  
19 subsection (p) of this section.

20           (4)     The Department shall notify an applicant in writing if the applicant is not  
21 eligible for the property tax credit under this section.

22           (m)    (1)     For any eligible application received before the May 1 that precedes  
23 the taxable year in which the property tax credit under this section is sought, the  
24 Department shall request the appropriate county collector to prepare a tax bill that  
25 reflects the final tax liability.

26                   (2)     If a homeowner presents the revised tax bill or a tax voucher with the  
27 tax bill to the county collector, the homeowner may make a single payment for the  
28 final tax liability.

29                   (3)     Except as provided in subsection (s) of this section, if a credit is  
30 granted for an eligible application received after May 1, property tax is not due on the  
31 property until 30 days after the revised tax bill is sent to the homeowner.

32                   (4)     If a municipal corporation or a special taxing district issues a tax bill  
33 separate from the county tax bill, the county may require the homeowner to submit:

34                           (i)     the separate tax bill; or

35                           (ii)    proof of payment of the separate tax bill.

1 (n) If a municipal corporation or a special taxing district issues a tax bill to a  
2 homeowner, the Department shall include the property tax rate of the municipal  
3 corporation or the special taxing district in calculating the property tax credit under  
4 this section and final tax liability.

5 (o) (1) Except for transfers between spouses, including a conveyance to a  
6 surviving spouse from the personal representative of a deceased spouse, if a  
7 homeowner transfers a dwelling that is subject to a property tax credit under this  
8 section, the property tax credit ends on the date that the property is transferred. The  
9 credit is not ended if the transfer is between spouses.

10 (2) The total amount of the property tax credit under this section is  
11 included in determining the amount of property tax that is:

12 (i) paid by the homeowner; and

13 (ii) adjusted at the time of settlement between the homeowner and  
14 the buyer.

15 (3) The homeowner is credited for the part of the property tax credit  
16 under this section that the homeowner's period of ownership during the taxable year  
17 in which the transfer occurs bears to the entire taxable year. The buyer shall pay the  
18 remaining part of the property tax credit under this section to the county.

19 (4) Any property tax credit under this section that is collected by a  
20 county from a buyer under this subsection shall be credited to the State less any cost  
21 incurred by any county or a municipal corporation.

22 (p) The final tax liability of a home purchaser due at settlement shall be  
23 adjusted to reflect any credit certified by the Department.

24 (q) (1) Each month or more frequently, if appropriate, each county collector  
25 shall submit a request to the Department for reimbursement for an amount equal to  
26 the property tax credits under this section and redeemed property tax credit vouchers  
27 paid under this section.

28 (2) The request may not include the property tax credits for which the  
29 county or municipal corporation is responsible under § 9-101(g) of this subtitle.

30 (3) Within 5 working days after receipt of the request the Department  
31 shall certify to the Comptroller the amount of reimbursement due to each county.

32 (4) Within 5 working days:

33 (i) the Comptroller shall make the reimbursement to each county;  
34 or

35 (ii) the appropriate county collector may withhold an amount of  
36 State taxes sufficient to reimburse the county.

1       (†)     (1)     An eligible homeowner who has a continuing care contract for an  
2 independent living unit at a continuing care facility for the aged shall receive  
3 payment for the amount of the property tax credit under this section from the  
4 Comptroller upon certification by the Department. A credit granted to the homeowner  
5 under this subsection may not be assigned to the continuing care facility.

6               (2)     (i)     Notwithstanding the provisions of subsection (g) of this section,  
7 if a homeowner under this subsection is a disabled veteran, the homeowner may  
8 receive a credit for the total real property tax attributable to the independent living  
9 unit, up to the maximum credit authorized under this section.

10               (ii)     A disabled veteran may apply for the credit under this  
11 subsection by providing the Department with the information required under  
12 subsection (k) of this section and § 7-208(d) of this article.

13               (3)     The surviving spouse of a disabled veteran may, upon application,  
14 continue to receive the credit provided under this subsection until the surviving  
15 spouse remarries.

16       (s)     (1)     Under the conditions set forth in this subsection, the Department  
17 may accept an application from a homeowner within 3 years after April 15 of the  
18 taxable year for which a credit is sought, if the homeowner:

19               (i)     is at least 70 years old as of the taxable year for which a credit  
20 is sought; and

21               (ii)     was eligible for the credit under this section for the taxable year  
22 for which the credit is sought.

23               (2)     A homeowner may apply to the Department for a property tax credit  
24 under this section by filing an application on the form that the Department provides.

25               (3)     The homeowner shall state under oath that the facts in the  
26 application are true.

27               (4)     To substantiate the application, the Department may require the  
28 homeowner to provide a copy of an income tax return, or other evidence detailing  
29 gross income or net worth.

30               (5)     On certification by the Department, the Comptroller shall pay to the  
31 homeowner the property tax credit due under this section.

32     SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
33 June 1, 2006, and shall be applicable to all taxable years beginning after June 30,  
34 2006;

35               (1)     tax relief under § 9-102 of the Tax - Property Article for all calendar  
36 years beginning after December 31, 2005; and

1                   (2)       tax credits under § 9-104 of the Tax - Property Article for all taxable  
2 years beginning after June 30, 2006.