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By: **Senators Klausmeier and Kasemeyer**  
Introduced and read first time: February 3, 2006  
Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Property Tax - Credit for Continuing Care Retirement Communities**

3 FOR the purpose of requiring the State and the governing body of each county and of  
4 each municipal corporation to grant a certain property tax credit under certain  
5 circumstances for certain continuing care facilities; requiring eligible taxpayers  
6 to apply to the State Department of Assessments and Taxation for approval of  
7 the credit; requiring the Department to adopt rules and regulations regarding  
8 the credit; requiring the Department to include the credit on the taxpayer's  
9 property tax bill; providing for the method of calculation of the tax credit  
10 authorized; providing for the application of this Act; and generally relating to  
11 the establishment of a property tax credit for certain continuing care retirement  
12 communities.

13 BY repealing and reenacting, without amendments,  
14 Article 70B - Department of Aging  
15 Section 7(d) and (m)  
16 Annotated Code of Maryland  
17 (2003 Replacement Volume and 2005 Supplement)

18 BY repealing and reenacting, without amendments,  
19 Article - Tax - Property  
20 Section 9-105(a)(5) and (e)  
21 Annotated Code of Maryland  
22 (2001 Replacement Volume and 2005 Supplement)

23 BY adding to  
24 Article - Tax - Property  
25 Section 9-110  
26 Annotated Code of Maryland  
27 (2001 Replacement Volume and 2005 Supplement)

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

1 **Article 70B - Department of Aging**

2 7.

3 (d) "Continuing care" means furnishing or making available shelter and either  
4 medical and nursing services or other health related services to an individual 60  
5 years of age or older not related by blood or marriage to the provider for the life of the  
6 individual or for a period in excess of 1 year under one or more written agreements  
7 that require a transfer of assets or an entrance fee notwithstanding periodic charges.

8 (m) "Facility" means a physical plant in which continuing care is provided in  
9 accordance with this subtitle.

10 **Article - Tax - Property**

11 9-105.

12 (a) (5) "Taxable assessment" means the assessment on which the State,  
13 county, or municipal corporation property tax rate was imposed in the preceding  
14 taxable year, adjusted by the phased-in assessment increase resulting from a  
15 revaluation under § 8-104(c)(1)(iii) of this article, less the amount of any assessment  
16 on which a property tax credit under this section is authorized.

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:

28 (i) for the State property tax, 110%;

29 (ii) for the county property tax:

30 1. the homestead credit percentage established by the county  
31 under paragraph (3) of this subsection; or

32 2. if the county has not set a percentage for the taxable year  
33 under paragraph (3) of this subsection or has not notified the Department as required  
34 under paragraph (6) of this subsection, the homestead credit percentage in effect for  
35 the county for the preceding taxable year; and

1 (iii) for the municipal corporation property tax:

2 1. the homestead credit percentage established by the  
3 municipal corporation under paragraph (4) of this subsection; or

4 2. if the municipal corporation has not set a percentage  
5 under paragraph (4) of this subsection or has not notified the Department as required  
6 under paragraph (7) of this subsection, the homestead credit percentage for the  
7 taxable year for the county in which the property is located.

8 (3) Subject to paragraph (5) of this subsection, the Mayor and City  
9 Council of Baltimore City and the governing body of a county on or before November  
10 15 of any year shall set, by law, the homestead credit percentage for the taxable year  
11 beginning the following July 1.

12 (4) Subject to paragraph (5) of this subsection, on or before November 25  
13 of any year, the governing body of a municipal corporation may set or alter, by law, a  
14 homestead credit percentage for the taxable year beginning the following July 1 and  
15 any subsequent taxable year.

16 (5) The homestead credit percentage for any county or municipal  
17 corporation property tax:

18 (i) may not be less than 100% or exceed 110% for any taxable year;  
19 and

20 (ii) shall be expressed in increments of 1 percentage point.

21 (6) The Mayor and City Council of Baltimore City and the governing  
22 body of a county shall notify the Department of any action taken under paragraph (3)  
23 of this subsection on or before November 15 preceding the taxable year for which the  
24 action is taken.

25 (7) A municipal corporation shall notify the Department of any action  
26 taken under paragraph (4) of this subsection on or before November 25 preceding the  
27 taxable year for which the action is taken.

28 9-110.

29 (A) IF THERE IS AN INCREASE IN PROPERTY ASSESSMENT AS CALCULATED  
30 UNDER THIS SECTION, THE STATE AND THE GOVERNING BODY OF EACH COUNTY  
31 AND OF EACH MUNICIPAL CORPORATION SHALL GRANT A PROPERTY TAX CREDIT  
32 UNDER THIS SECTION AGAINST THE STATE, COUNTY, AND MUNICIPAL CORPORATION  
33 PROPERTY TAX IMPOSED ON REAL PROPERTY BY THE STATE, COUNTY, OR  
34 MUNICIPAL CORPORATION.

35 (B) THE DEPARTMENT SHALL AUTHORIZE AND THE STATE, A COUNTY, OR A  
36 MUNICIPAL CORPORATION SHALL GRANT A PROPERTY TAX CREDIT UNDER THIS  
37 SECTION FOR A TAXABLE YEAR ON THE ENTIRE PROPERTY OF A CONTINUING CARE  
38 FACILITY AS DEFINED IN ARTICLE 70B, § 7(M) OF THE CODE.

1 (C) FOR EACH TAXABLE YEAR, THE PROPERTY TAX CREDIT UNDER THIS  
2 SECTION IS CALCULATED BY:

3 (1) MULTIPLYING THE PRIOR YEAR'S TAXABLE ASSESSMENT, AS  
4 DEFINED IN § 9-105(A)(5) OF THIS SUBTITLE, BY THE HOMESTEAD CREDIT  
5 PERCENTAGE AS PROVIDED UNDER § 9-105(E)(2) OF THIS SUBTITLE;

6 (2) SUBTRACTING THE AMOUNT FROM THE CURRENT YEAR'S  
7 ASSESSMENT; AND

8 (3) IF THE DIFFERENCE IS A POSITIVE NUMBER, MULTIPLYING THE  
9 DIFFERENCE BY THE APPLICABLE STATE, COUNTY, OR MUNICIPAL CORPORATION  
10 PROPERTY TAX RATE FOR THE CURRENT YEAR.

11 (D) THE DEPARTMENT SHALL GIVE NOTICE OF THE POSSIBLE PROPERTY TAX  
12 CREDIT UNDER THIS SECTION.

13 (E) A TAXPAYER WHO MEETS THE REQUIREMENTS OF THIS SECTION SHALL  
14 BE GRANTED THE PROPERTY TAX CREDIT UNDER THIS SECTION AGAINST THE  
15 STATE, COUNTY, AND MUNICIPAL CORPORATION PROPERTY TAX IMPOSED IN THE  
16 REAL PROPERTY OF THE CONTINUING CARE FACILITY.

17 (F) THE TAX CREDIT UNDER THIS SECTION SHALL BE INCLUDED ON THE  
18 PROPERTY TAX BILL ISSUED TO THE PROPERTY'S OWNER.

19 (G) THE DEPARTMENT SHALL ADOPT RULES AND REGULATIONS TO  
20 IMPLEMENT THIS SECTION.

21 (H) THE TAX CREDIT UNDER THIS SECTION SHALL BE KNOWN AS THE  
22 CONTINUING CARE FACILITY PROPERTY TAX CREDIT.

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
24 October 1, 2006, and shall be applicable to all taxable years beginning after June 30,  
25 2007.