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By: **Senator Forehand**

Introduced and read first time: February 8, 2006

Assigned to: Rules

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A BILL ENTITLED

1 AN ACT concerning

2 **Homestead Property Tax Credit - Municipal Corporations - Authorization**  
3 **for Enhanced Credit**

4 FOR the purpose of authorizing the governing body of a municipal corporation to  
5 provide, by law, for an enhanced homestead property tax credit for purposes of  
6 the municipal corporation property tax; altering the calculation of the  
7 homestead property tax credit for purposes of the municipal corporation  
8 property tax if a municipal corporation provides for an enhanced homestead  
9 property tax credit; providing for the application of this Act; and generally  
10 relating to authority for municipal corporations to provide an enhanced  
11 homestead property tax credit for purposes of the municipal corporation  
12 property tax.

13 BY repealing and reenacting, with amendments,  
14 Article - Tax - Property  
15 Section 9-105(e)  
16 Annotated Code of Maryland  
17 (2001 Replacement Volume and 2005 Supplement)

18 BY adding to  
19 Article - Tax - Property  
20 Section 9-105(e-1)  
21 Annotated Code of Maryland  
22 (2001 Replacement Volume and 2005 Supplement)

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

25 **Article - Tax - Property**

26 9-105.

27 (e) (1) [For] EXCEPT AS PROVIDED IN SUBSECTION (E-1) OF THIS SECTION,  
28 FOR each taxable year, the property tax credit under this section is calculated by:

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

3 (ii) subtracting that amount from the current year's assessment;  
4 and

5 (iii) if the difference is a positive number, multiplying the difference  
6 by the applicable State, county, or municipal corporation property tax rate for the  
7 current year.

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

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

11 (ii) for the county property tax:

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

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

18 (iii) for the municipal corporation property tax:

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

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

25 (3) Subject to paragraph (5) of this subsection, the Mayor and City  
26 Council of Baltimore City and the governing body of a county on or before November  
27 15 of any year shall set, by law, the homestead credit percentage for the taxable year  
28 beginning the following July 1.

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

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

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

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

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

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

9 (E-1) (1) THE GOVERNING BODY OF A MUNICIPAL CORPORATION MAY  
10 PROVIDE, BY LAW, FOR AN ENHANCED HOMESTEAD PROPERTY TAX CREDIT AS  
11 PROVIDED IN THIS SUBSECTION FOR PURPOSES OF THE MUNICIPAL CORPORATION  
12 PROPERTY TAX.

13 (2) IF A MUNICIPAL CORPORATION PROVIDES FOR AN ENHANCED  
14 HOMESTEAD CREDIT AS AUTHORIZED UNDER THIS SUBSECTION, THE PROPERTY TAX  
15 CREDIT UNDER THIS SECTION FOR PURPOSES OF THE MUNICIPAL CORPORATION  
16 PROPERTY TAX IS CALCULATED BY:

17 (I) MULTIPLYING THE PRIOR YEAR'S TAXABLE ASSESSMENT BY  
18 THE HOMESTEAD CREDIT PERCENTAGE AS PROVIDED UNDER SUBSECTION (E)(2) OF  
19 THIS SECTION;

20 (II) SUBTRACTING FROM THE AMOUNT CALCULATED IN ITEM (I) OF  
21 THIS PARAGRAPH AN ADDITIONAL DOLLAR VALUE OF ASSESSMENT AS AUTHORIZED  
22 BY THE MUNICIPAL CORPORATION BY LAW;

23 (III) SUBTRACTING THE AMOUNT CALCULATED IN ITEM (II) OF THIS  
24 PARAGRAPH FROM THE CURRENT YEAR'S ASSESSMENT; AND

25 (IV) IF THE DIFFERENCE CALCULATED IN ITEM (III) OF THIS  
26 PARAGRAPH IS A POSITIVE NUMBER, MULTIPLYING THE DIFFERENCE BY THE  
27 APPLICABLE MUNICIPAL CORPORATION PROPERTY TAX RATE FOR THE CURRENT  
28 YEAR.

29 (3) IF THE GOVERNING BODY OF A MUNICIPAL CORPORATION PROVIDES  
30 BY LAW FOR AN ENHANCED HOMESTEAD PROPERTY TAX CREDIT AS PROVIDED IN  
31 THIS SUBSECTION, THE GOVERNING BODY SHALL:

32 (I) SPECIFY A DOLLAR AMOUNT OF ASSESSED VALUE TO BE  
33 SUBTRACTED FROM THE PRIOR YEAR'S TAXABLE ASSESSMENT, AS ADJUSTED BY THE  
34 HOMESTEAD CREDIT PERCENTAGE ESTABLISHED UNDER SUBSECTION (E) OF THIS  
35 SECTION, TO CALCULATE THE ENHANCED HOMESTEAD CREDIT FOR PURPOSES OF  
36 THE MUNICIPAL CORPORATION PROPERTY TAX; AND

37 (II) NOTIFY THE DEPARTMENT OF ANY ACTION TAKEN UNDER THIS  
38 SUBSECTION ON OR BEFORE NOVEMBER 25 PRECEDING THE TAXABLE YEAR FOR  
39 WHICH THE ACTION IS TAKEN.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
2 July 1, 2006, and shall be applicable to all taxable years beginning after June 30,  
3 2007.