

HOUSE BILL 892

Q1

7lr1243

By: **Delegates Bates and Miller**

Introduced and read first time: February 9, 2007

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Property Tax – Tax Credit for Replacement Home**

3 FOR the purpose of authorizing the Mayor and City Council of Baltimore City or the
4 governing body of a county or of a municipal corporation to grant, by law, a tax
5 credit against the county or municipal corporation property tax imposed on
6 certain residential real property owned by certain homeowners under certain
7 circumstances; authorizing the county or municipal corporation to provide, by
8 law, for the amount and duration of the credit, subject to certain limitations;
9 authorizing the county or municipal corporation to provide, by law, for certain
10 provisions necessary to carry out this Act; defining certain terms; providing for
11 the application of this Act; and generally relating to authorization for the
12 counties and municipal corporations to grant, by law, a property tax credit for
13 certain replacement homes.

14 BY adding to
15 Article – Tax – Property
16 Section 9–246
17 Annotated Code of Maryland
18 (2001 Replacement Volume and 2006 Supplement)

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

21 **Article – Tax – Property**

22 **9–246.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE
2 MEANINGS INDICATED.

3 (2) “DWELLING” HAS THE MEANING STATED IN § 9-105 OF THIS
4 TITLE.

5 (3) “FORMER DWELLING” MEANS A DWELLING THAT:

6 (I) IS LOCATED IN THE SAME COUNTY OR MUNICIPAL
7 CORPORATION AS A REPLACEMENT DWELLING THAT THE HOMEOWNER HAS
8 PURCHASED; AND

9 (II) FOR WHICH THE HOMEOWNER WAS ELIGIBLE FOR A
10 CREDIT UNDER § 9-105 OF THIS TITLE FOR THE TAXABLE YEAR IN WHICH THE
11 HOMEOWNER SOLD THE DWELLING.

12 (4) “HOMEOWNER” HAS THE MEANING STATED IN § 9-105 OF
13 THIS TITLE.

14 (5) “REPLACEMENT DWELLING” MEANS A DWELLING THAT:

15 (I) IS LOCATED IN THE SAME COUNTY OR MUNICIPAL
16 CORPORATION AS A FORMER DWELLING PREVIOUSLY OWNED BY THE
17 HOMEOWNER; AND

18 (II) WAS PURCHASED BY THE HOMEOWNER BY THE END OF
19 THE TAXABLE YEAR FOLLOWING THE YEAR IN WHICH THE HOMEOWNER SOLD
20 THE FORMER DWELLING.

21 (6) “TAXABLE ASSESSMENT” HAS THE MEANING STATED IN §
22 9-105 OF THIS TITLE.

23 (B) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE
24 GOVERNING BODY OF A COUNTY OR OF A MUNICIPAL CORPORATION MAY
25 GRANT, BY LAW, A PROPERTY TAX CREDIT AS PROVIDED IN THIS SECTION
26 AGAINST THE COUNTY OR MUNICIPAL CORPORATION PROPERTY TAX IMPOSED
27 ON A REPLACEMENT DWELLING.

(C) (1) A TAX CREDIT UNDER THIS SECTION:

(I) MAY NOT BE GRANTED FOR MORE THAN 5 YEARS, BEGINNING WITH THE FIRST TAXABLE YEAR AFTER THE TAXABLE YEAR IN WHICH THE REPLACEMENT DWELLING WAS PURCHASED; AND

(II) MAY NOT EXCEED THE FOLLOWING PERCENTAGES OF THE COUNTY OR MUNICIPAL CORPORATION PROPERTY TAX ATTRIBUTABLE TO THE ELIGIBLE HOMESTEAD ASSESSMENT OF THE FORMER DWELLING, AS DETERMINED UNDER PARAGRAPH (2) OF THIS SUBSECTION:

- 1. 100% FOR THE FIRST TAXABLE YEAR;**
- 2. 80% FOR THE SECOND TAXABLE YEAR;**
- 3. 60% FOR THE THIRD TAXABLE YEAR;**
- 4. 40% FOR THE FOURTH TAXABLE YEAR; AND**
- 5. 20% FOR THE FIFTH TAXABLE YEAR.**

(2) THE COUNTY OR MUNICIPAL CORPORATION PROPERTY TAX ATTRIBUTABLE TO THE ELIGIBLE HOMESTEAD ASSESSMENT OF THE FORMER DWELLING IS THE PRODUCT OF MULTIPLYING THE APPLICABLE COUNTY OR MUNICIPAL CORPORATION TAX RATE FOR THE CURRENT YEAR TIMES THE ELIGIBLE HOMESTEAD ASSESSMENT OF THE FORMER DWELLING, AS DETERMINED UNDER PARAGRAPH (3) OF THIS SUBSECTION.

(3) FOR PURPOSES OF PARAGRAPH (2) OF THIS SUBSECTION, SUBJECT TO PARAGRAPH (4) OF THIS SUBSECTION, THE ELIGIBLE HOMESTEAD ASSESSMENT OF THE FORMER DWELLING IS THE AMOUNT BY WHICH THE ASSESSMENT OF THE FORMER DWELLING FOR THE YEAR IT WAS SOLD EXCEEDS THE PRODUCT OF MULTIPLYING THE PRIOR YEAR'S TAXABLE ASSESSMENT OF THE FORMER DWELLING TIMES THE COUNTY OR MUNICIPAL CORPORATION HOMESTEAD CREDIT PERCENTAGE FOR THE YEAR THE FORMER DWELLING WAS SOLD.

(4) THE ELIGIBLE HOMESTEAD ASSESSMENT DETERMINED UNDER PARAGRAPH (3) OF THIS SUBSECTION SHALL BE REDUCED, BUT NOT

1 **BELOW ZERO, BY THE AMOUNT, IF ANY, BY WHICH THE ASSESSMENT OF THE**
2 **FORMER DWELLING FOR THE YEAR IT WAS SOLD EXCEEDS THE ASSESSMENT OF**
3 **THE REPLACEMENT DWELLING FOR THE FIRST TAXABLE YEAR FOR WHICH THE**
4 **CREDIT UNDER THIS SECTION IS ALLOWED.**

5 **(D) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE**
6 **GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION MAY PROVIDE,**
7 **BY LAW, FOR:**

8 **(1) THE AMOUNT AND DURATION OF THE PROPERTY TAX CREDIT**
9 **UNDER THIS SECTION;**

10 **(2) ADDITIONAL ELIGIBILITY CRITERIA FOR THE TAX CREDIT**
11 **UNDER THIS SECTION;**

12 **(3) REGULATIONS AND PROCEDURES FOR THE APPLICATION AND**
13 **UNIFORM PROCESSING OF REQUESTS FOR THE TAX CREDIT; AND**

14 **(4) ANY OTHER PROVISION NECESSARY TO CARRY OUT THIS**
15 **SECTION.**

16 **SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect**
17 **June 1, 2007, and shall be applicable to all taxable years beginning after June 30,**
18 **2007.**