

SENATE BILL 962

Q1

71r3208

By: **Senator Brinkley**

Introduced and read first time: February 28, 2007

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Agricultural Ownership Entities – Homestead Tax Credit**

3 FOR the purpose of altering certain definitions to include partners in certain general
4 partnerships and shareholders of certain corporations within the definition of
5 “homeowner” for purposes of a certain property tax credit under certain
6 circumstances; defining a certain term; providing for the application of this Act;
7 authorizing the State Department of Assessments and Taxation to accept
8 certain applications on or before a certain date; and generally relating to
9 including partners or shareholders in certain agricultural ownership entities
10 within the definition of “homeowner” for purposes of a certain property tax
11 credit under certain circumstances.

12 BY repealing and reenacting, without amendments,
13 Article – Tax – Property
14 Section 9–105(a)(1)
15 Annotated Code of Maryland
16 (2001 Replacement Volume and 2006 Supplement)

17 BY repealing and reenacting, with amendments,
18 Article – Tax – Property
19 Section 9–105(a)(3), (6), and (7) and (c)(4)
20 Annotated Code of Maryland
21 (2001 Replacement Volume and 2006 Supplement)

22 BY adding to
23 Article – Tax – Property

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Section 9–105(a)(8)
2 Annotated Code of Maryland
3 (2001 Replacement Volume and 2006 Supplement)

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

6 **Article – Tax – Property**

7 9–105.

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

9 (3) “Homeowner” means an individual who has a legal interest in a
10 dwelling or who is an active member of an agricultural [limited liability] **OWNERSHIP**
11 entity that has a legal interest in a dwelling.

12 (6) “Agricultural [limited liability] **OWNERSHIP** entity” means a
13 **FAMILY CORPORATION, GENERAL PARTNERSHIP**, limited liability company, or
14 limited liability partnership that:

15 (i) owns real property that:

16 1. includes land receiving an agricultural use
17 assessment under § 8–209 of this article; and

18 2. includes land used as a homesite that is part of or
19 contiguous to a parcel described in item 1 of this item;

20 (ii) owns personal property used to operate the agricultural
21 land; and

22 (iii) owns no other property.

23 (7) “Active member” means:

24 (I) **A SHAREHOLDER IN A FAMILY CORPORATION;**

25 (II) **A PARTNER IN A GENERAL PARTNERSHIP; OR**

26 (III) a member of a limited liability company or partner in a
27 limited liability partnership who has or shares the authority to manage, control, and

1 operate the limited liability company or limited liability partnership and who shares
 2 the assets and earnings of the limited liability company or limited liability partnership
 3 under an operating agreement under § 4A–402 of the Corporations and Associations
 4 Article or under a partnership agreement.

5 (8) “FAMILY CORPORATION” MEANS A CORPORATION THAT DOES
 6 NOT HAVE ANY STOCKHOLDERS OTHER THAN THE HOMEOWNER AND THE
 7 FOLLOWING MEMBERS OF THE HOMEOWNER’S FAMILY:

- 8 (I) A SPOUSE OR FORMER SPOUSE;
- 9 (II) A CHILD OR STEPCHILD;
- 10 (III) A PARENT OR STEPPARENT;
- 11 (IV) A BROTHER OR SISTER;
- 12 (V) A SON–IN–LAW, DAUGHTER–IN–LAW, STEPSON–IN–LAW,
 13 OR STEPDAUGHTER–IN–LAW;
- 14 (VI) A GRANDCHILD OR STEPGRANDCHILD; OR
- 15 (VII) A GRANDPARENT OR STEPGRANDPARENT.

16 (c) (4) (i) For a homeowner who is an active member of an agricultural
 17 [limited liability] OWNERSHIP entity to qualify for the property tax credit under this
 18 section:

- 19 1. the dwelling must have been owned and occupied by
 20 the active member:
 - 21 A. at the time of its transfer to the agricultural [limited
 22 liability] OWNERSHIP entity; or
 - 23 B. if the agricultural [limited liability] OWNERSHIP
 24 entity is a limited liability company and the dwelling was originally transferred to the
 25 agricultural [limited liability] OWNERSHIP entity as part of a conversion from a
 26 partnership under § 4A–211 of the Corporations and Associations Article, then at the
 27 time of its transfer to the former partnership; and

1 2. the agricultural [limited liability] **OWNERSHIP** entity
2 and the active member who occupies the dwelling must file an application with the
3 Department establishing initial eligibility for the credit on or before June 30 for the
4 following taxable year and, at the request of the Department, must file an application
5 in any future year to verify continued eligibility.

6 (ii) Failure to file a timely application may result in
7 disqualification from the Homestead Tax Credit Program for the following taxable
8 year.

9 (iii) The credit may only be granted to one dwelling owned by the
10 agricultural [limited liability] **OWNERSHIP** entity.

11 (iv) Participation in the credit program as the active member of
12 an agricultural [limited liability] **OWNERSHIP** entity disqualifies any other dwellings
13 owned by the active member for the credit.

14 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before September
15 30, 2007, the State Department of Assessments and Taxation may accept applications
16 for the Homestead Tax Credit under § 9-105 of the Tax – Property Article for the
17 taxable year beginning July 1, 2007, from a shareholder in a family corporation or a
18 partner in a general partnership who is eligible for the credit as a result of Section 1 of
19 this Act.

20 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 June 1, 2007, and shall be applicable to all taxable years beginning after June 30,
22 2007.