

SENATE BILL 962

Q1

71r3208

By: **Senator Brinkley**

Introduced and read first time: February 28, 2007

Assigned to: Rules

Re-referred to: Budget and Taxation, March 2, 2007

Committee Report: Favorable

Senate action: Adopted

Read second time: March 23, 2007

CHAPTER _____

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Section 9–105(a)(3), (6), and (7) and (c)(4)
2 Annotated Code of Maryland
3 (2001 Replacement Volume and 2006 Supplement)

4 BY adding to
5 Article – Tax – Property
6 Section 9–105(a)(8)
7 Annotated Code of Maryland
8 (2001 Replacement Volume and 2006 Supplement)

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

11 **Article – Tax – Property**

12 9–105.

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

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

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

20 (i) owns real property that:

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

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

25 (ii) owns personal property used to operate the agricultural
26 land; and

27 (iii) owns no other property.

28 (7) “Active member” means:

1 (I) A SHAREHOLDER IN A FAMILY CORPORATION;

2 (II) A PARTNER IN A GENERAL PARTNERSHIP; OR

3 (III) a member of a limited liability company or partner in a
 4 limited liability partnership who has or shares the authority to manage, control, and
 5 operate the limited liability company or limited liability partnership and who shares
 6 the assets and earnings of the limited liability company or limited liability partnership
 7 under an operating agreement under § 4A-402 of the Corporations and Associations
 8 Article or under a partnership agreement.

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

12 (I) A SPOUSE OR FORMER SPOUSE;

13 (II) A CHILD OR STEPCHILD;

14 (III) A PARENT OR STEPPARENT;

15 (IV) A BROTHER OR SISTER;

16 (V) A SON-IN-LAW, DAUGHTER-IN-LAW, STEPSON-IN-LAW,
 17 OR STEPDAUGHTER-IN-LAW;

18 (VI) A GRANDCHILD OR STEPGRANDCHILD; OR

19 (VII) A GRANDPARENT OR STEPGRANDPARENT.

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

23 1. the dwelling must have been owned and occupied by
 24 the active member:

25 A. at the time of its transfer to the agricultural [limited
 26 liability] OWNERSHIP entity; or

1 B. if the agricultural [limited liability] **OWNERSHIP**
2 entity is a limited liability company and the dwelling was originally transferred to the
3 agricultural [limited liability] **OWNERSHIP** entity as part of a conversion from a
4 partnership under § 4A-211 of the Corporations and Associations Article, then at the
5 time of its transfer to the former partnership; and

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

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

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

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

19 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before September
20 30, 2007, the State Department of Assessments and Taxation may accept applications
21 for the Homestead Tax Credit under § 9-105 of the Tax – Property Article for the
22 taxable year beginning July 1, 2007, from a shareholder in a family corporation or a
23 partner in a general partnership who is eligible for the credit as a result of Section 1 of
24 this Act.

25 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
26 June 1, 2007, and shall be applicable to all taxable years beginning after June 30,
27 2007.