

CHAPTER 208

(Senate Bill 962)

AN ACT concerning

Agricultural Ownership Entities – Homestead Tax Credit

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

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

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

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

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

Article – Tax – Property

9–105.

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

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

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

(i) owns real property that:

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

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

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

(iii) owns no other property.

(7) “Active member” means:

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

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

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

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

- (I) A SPOUSE OR FORMER SPOUSE;
- (II) A CHILD OR STEPCHILD;
- (III) A PARENT OR STEPPARENT;
- (IV) A BROTHER OR SISTER;
- (V) A SON-IN-LAW, DAUGHTER-IN-LAW, STEPSON-IN-LAW, OR STEPDAUGHTER-IN-LAW;
- (VI) A GRANDCHILD OR STEPGRANDCHILD; OR
- (VII) A GRANDPARENT OR STEPGRANDPARENT.

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

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

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

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

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

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

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

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

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

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

Approved by the Governor, April 24, 2007.