

## CHAPTER 565

(House Bill 436)

AN ACT concerning

### **Homestead Tax Credit – Eligibility Verification – Application**

FOR the purpose of requiring homeowners to file certain applications to the State Department of Assessments and Taxation to qualify for the homestead property tax credit; providing that the homestead property tax credit may not be granted unless an application is filed as required within certain time periods under certain circumstances; providing that the Department shall provide the option for an application to be submitted on the Department's website; requiring the Comptroller to cooperate with the Department in adopting a certain procedure, provide certain information to the Department, and assist the Department in a postaudit of each application; requiring the counties to reimburse the Department for the administration of the homestead property tax credit application process; providing for a certain reporting requirement to certain committees of the General Assembly; and generally relating to the homestead property tax credit.

BY repealing and reenacting, with amendments,  
Article – Tax – Property  
Section 9–105(d)(1)  
Annotated Code of Maryland  
(2001 Replacement Volume and 2006 Supplement)

BY adding to  
Article – Tax – Property  
Section 9–105(d)(6) ~~and (l)~~, (l), and (m)  
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.

(d) (1) **[The] SUBJECT TO THE PROVISIONS OF PARAGRAPH (6) OF THIS SUBSECTION, THE** Department shall authorize and the State, a county, or a municipal corporation shall grant a property tax credit under this section for a taxable year unless during the previous taxable year:

(i) the dwelling was transferred for consideration to new ownership;

(ii) the value of the dwelling was increased due to a change in the zoning classification of the dwelling initiated or requested by the homeowner or anyone having an interest in the property;

(iii) the use of the dwelling was changed substantially; or

(iv) the assessment of the dwelling was clearly erroneous due to an error in calculation or measurement of improvements on the real property.

**(6) (I) TO QUALIFY FOR THE CREDIT UNDER THIS SECTION, A HOMEOWNER SHALL SUBMIT AN APPLICATION FOR THE CREDIT TO THE DEPARTMENT AS PROVIDED IN THIS PARAGRAPH.**

**(II) THE APPLICATION SHALL:**

**1. BE MADE ON THE FORM THAT THE DEPARTMENT PROVIDES;**

**2. PROVIDE THE INFORMATION REQUIRED BY THE FORM; AND**

**3. INCLUDE A STATEMENT BY THE HOMEOWNER UNDER OATH THAT THE FACTS STATED IN THE APPLICATION ARE TRUE, CORRECT, AND COMPLETE.**

**(III) THE DEPARTMENT MAY NOT AUTHORIZE AND THE STATE, COUNTY, AND MUNICIPAL CORPORATION MAY NOT GRANT THE PROPERTY TAX CREDIT UNDER THIS SECTION FOR A DWELLING UNLESS AN APPLICATION IS FILED WITH THE DEPARTMENT AS REQUIRED UNDER THIS PARAGRAPH:**

1. ~~ON OR BEFORE SEPTEMBER 1~~ WITHIN 90 180 DAYS FOLLOWING THE DATE THE DWELLING IS TRANSFERRED FOR CONSIDERATION TO NEW OWNERSHIP, FOR A DWELLING THAT IS TRANSFERRED FOR CONSIDERATION TO NEW OWNERSHIP AFTER DECEMBER 31, 2007; OR

2. ON OR BEFORE DECEMBER 31, 2012, FOR A DWELLING THAT WAS LAST TRANSFERRED FOR CONSIDERATION TO NEW OWNERSHIP ON OR BEFORE DECEMBER 31, 2007.

(IV) THE DEPARTMENT SHALL PROVIDE A HOMEOWNER THE OPTION TO SUBMIT THE APPLICATION REQUIRED UNDER THIS PARAGRAPH ELECTRONICALLY ON THE DEPARTMENT'S WEBSITE.

(L) THE COMPTROLLER SHALL:

(1) COOPERATE WITH THE DEPARTMENT IN ADOPTING A PROCEDURE TO AUDIT THE APPLICATION FORMS SUBMITTED UNDER THIS SECTION;

(2) NOTWITHSTANDING § 13-202 OF THE TAX - GENERAL ARTICLE, PROVIDE ADDITIONAL INFORMATION TO THE DEPARTMENT; AND

(3) ASSIST THE DEPARTMENT IN A POSTAUDIT OF EACH APPLICATION.

(M) (1) THE COUNTIES SHALL REIMBURSE THE DEPARTMENT FOR THE ADMINISTRATION OF THE APPLICATION PROCESS UNDER SUBSECTION (D)(6) OF THIS SECTION.

(2) FOR EACH FISCAL YEAR, THE REIMBURSEMENT REQUIRED UNDER THIS SUBSECTION SHALL BE PRORATED BASED ON THE RATIO OF THE NUMBER OF IMPROVED PROPERTIES THAT WOULD BE ELIGIBLE FOR THE CREDIT UNDER THIS SECTION LOCATED IN THE COUNTY COMPARED TO THE TOTAL NUMBER OF IMPROVED RESIDENTIAL PROPERTIES ELIGIBLE FOR THE CREDIT UNDER THIS SECTION STATEWIDE AS OF JULY 1 OF THAT FISCAL YEAR.

(3) THE DEPARTMENT SHALL BILL EACH COUNTY ACCORDING TO THE FORMULA UNDER PARAGRAPH (2) OF THIS SUBSECTION.

SECTION 2. AND BE IT FURTHER ENACTED, That the State Department of Assessments and Taxation, in consultation with the Comptroller of the Treasury, shall initiate two studies of the implementation of the homestead property tax credit eligibility application process as provided under this Act. The studies shall provide information on:

- (1) the application required by the Department;
- (2) the education and outreach methods used by the Department to notify affected taxpayers about the required application;
- (3) the aggregate number of applications received from taxpayers by county and the methods by which applications have been submitted;
- (4) the methods used by the Department to collect, maintain, and analyze data collected from applications;
- (5) the application audit and postaudit process adopted by the Department; and
- (6) any other pertinent issues related to the application process.

The first study shall be submitted, subject to § 2-1246 of the State Government Article, to the Senate Budget and Taxation Committee and the House Committee on Ways and Means on or before January 1, 2009, so that the committees may review the report during the 2009 legislative session. The second study shall be submitted, subject to § 2-1246 of the State Government Article, to the Senate Budget and Taxation Committee and the House Committee on Ways and Means on or before January 1, 2010, so that the committees may review the report during the 2010 legislative session.

SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2007.

**Approved by the Governor, May 17, 2007.**