

SENATE BILL 761

Q1

8lr2996
CF 8lr3072

By: **Senator Stone**

Introduced and read first time: February 1, 2008

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Homeowner's Property Tax Credit – Cost-of-Living Adjustment**

3 FOR the purpose of altering the computation of the homeowner's property tax credit
4 for certain taxable years based on a certain cost-of-living adjustment
5 percentage; requiring the Department of Assessments and Taxation to
6 determine a certain cost-of-living adjustment percentage by a certain date
7 based on the increase in a certain consumer price index for a certain period;
8 providing for the application of this Act; and generally relating to altering the
9 computation of the homeowner's property tax credit.

10 BY repealing and reenacting, with amendments,
11 Article – Tax – Property
12 Section 9–104 (a)(13), (h), and (k)
13 Annotated Code of Maryland
14 (2007 Replacement Volume)

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

17 **Article – Tax – Property**

18 9–104.

19 (a) (13) (I) [“Total] **EXCEPT AS PROVIDED IN SUBPARAGRAPH (II)**
20 **OF THIS PARAGRAPH “TOTAL** real property tax” means the product of the sum of all
21 property tax rates on real property, including special district tax rates, for the taxable
22 year on a dwelling, multiplied by the lesser of:

23 [(i)] 1. \$300,000; or

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 [(ii)] **2.** the assessed value of the dwelling reduced by the
2 amount of any assessment on which a property tax credit is granted under § 9–105 of
3 this subtitle.

4 **(II) 1. FOR EACH TAXABLE YEAR BEGINNING AFTER**
5 **JUNE 30, 2009, THE AMOUNT SPECIFIED IN SUBPARAGRAPH (I)1 OF THIS**
6 **PARAGRAPH SHALL BE INCREASED FOR THE COST-OF-LIVING ADJUSTMENT**
7 **PERCENTAGE AS DETERMINED UNDER THIS SUBPARAGRAPH.**

8 **2. ON OR BEFORE OCTOBER 1 OF EACH YEAR, THE**
9 **DEPARTMENT SHALL DETERMINE THE COST-OF-LIVING ADJUSTMENT**
10 **PERCENTAGE TO BE APPLIED FOR THE NEXT TAXABLE YEAR BASED ON THE**
11 **INCREASE OF THE CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS IN**
12 **THE WASHINGTON AND BALTIMORE REGION FOR THE MONTH OF MAY OF THAT**
13 **YEAR OVER THE MONTH OF MAY OF THE PRECEDING YEAR.**

14 **3. IF ANY INCREASE DETERMINED UNDER**
15 **SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH IS NOT A MULTIPLE OF \$50, THE**
16 **INCREASE SHALL BE ROUNDED DOWN TO THE NEXT LOWEST MULTIPLE OF \$50.**

17 (h) (1) Except as provided in subsection (i) of this section, the property tax
18 credit under this section is the total real property tax of a dwelling, less the percentage
19 of the combined income of the homeowner that is described in paragraph (2) of this
20 subsection.

21 (2) **[The] SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, THE**
22 **percentage is:**

23 (i) 0% of the 1st \$8,000 of combined income;

24 (ii) 4% of the next \$4,000 of combined income;

25 (iii) 6.5% of the next \$4,000 of combined income; and

26 (iv) 9% of the combined income over \$16,000.

27 **(3) (I) FOR EACH TAXABLE YEAR BEGINNING AFTER JUNE 30,**
28 **2009, EACH OF THE COMBINED INCOME INCREMENTS SPECIFIED IN PARAGRAPH**
29 **(2) OF THIS SUBSECTION SHALL BE INCREASED FOR THE COST-OF-LIVING**
30 **ADJUSTMENT PERCENTAGE AS DETERMINED UNDER THIS PARAGRAPH.**

31 **(II) ON OR BEFORE OCTOBER 1 OF EACH YEAR, THE**
32 **DEPARTMENT SHALL DETERMINE THE COST-OF-LIVING ADJUSTMENT**
33 **PERCENTAGE TO BE APPLIED FOR THE NEXT TAXABLE YEAR BASED ON THE**
34 **INCREASE OF THE CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS IN**

1 **THE WASHINGTON AND BALTIMORE REGION FOR THE MONTH OF MAY OF THAT**
2 **YEAR OVER THE MONTH OF MAY OF THE PRECEDING YEAR.**

3 **(III) IF ANY INCREASE DETERMINED UNDER SUBPARAGRAPH**
4 **(II) OF THIS PARAGRAPH IS NOT A MULTIPLE OF \$50, THE INCREASE SHALL BE**
5 **ROUNDED DOWN TO THE NEXT LOWEST MULTIPLE OF \$50.**

6 (k) (1) A property tax credit under this section may not be granted to a
7 homeowner whose combined net worth exceeds \$200,000 as of December 31 of the
8 calendar year that precedes the year in which the homeowner applies for the property
9 tax credit or whose combined gross income exceeds \$60,000 in that same calendar
10 year.

11 (2) If a property tax credit under this section is less than \$1 in any
12 taxable year, the credit may not be granted.

13 (3) A homeowner may claim a property tax credit under this section
14 for only 1 dwelling.

15 (4) Except as provided in subsection (v) of this section, if a property
16 tax credit is issued under this section, the credit or a voucher for a credit may be used
17 only in the taxable year in which it was issued or the next succeeding taxable year.
18 However, a homeowner whose dwelling is sold for taxes may receive the credit until
19 the final decree under § 14-844 of this article is entered.

20 **(5) (I) FOR EACH TAXABLE YEAR BEGINNING AFTER JUNE 30,**
21 **2009, THE NET WORTH AND COMBINED GROSS INCOME LIMITS SPECIFIED IN**
22 **PARAGRAPH (1) OF THIS SUBSECTION SHALL BE INCREASED FOR THE**
23 **COST-OF-LIVING ADJUSTMENT PERCENTAGE AS DETERMINED UNDER THIS**
24 **PARAGRAPH.**

25 **(II) ON OR BEFORE OCTOBER 1 OF EACH YEAR, THE**
26 **DEPARTMENT SHALL DETERMINE THE COST-OF-LIVING ADJUSTMENT**
27 **PERCENTAGE TO BE APPLIED FOR THE NEXT TAXABLE YEAR BASED ON THE**
28 **INCREASE OF THE CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS IN**
29 **THE WASHINGTON AND BALTIMORE REGION FOR THE MONTH OF MAY OF THAT**
30 **YEAR OVER THE MONTH OF MAY OF THE PRECEDING YEAR.**

31 **(III) IF ANY INCREASE DETERMINED UNDER SUBPARAGRAPH**
32 **(II) OF THIS PARAGRAPH IS NOT A MULTIPLE OF \$50, THE INCREASE SHALL BE**
33 **ROUNDED DOWN TO THE NEXT LOWEST MULTIPLE OF \$50.**

34 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
35 July 1, 2008, and shall be applicable to all taxable years beginning after June 30,
36 2009.