

# HOUSE BILL 1081

Q1, C2

2lr2285

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By: **Delegate Rosenberg**

Introduced and read first time: February 10, 2012

Assigned to: Ways and Means

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 21, 2012

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Homestead Property Tax Credit Reform Act of 2012**

3 FOR the purpose of providing that a person who has been granted a homestead  
4 property tax credit and is subsequently found to be ineligible for the credit is  
5 liable for certain property taxes otherwise due and a penalty equal to a certain  
6 amount; requiring a certain penalty to be included on the person's tax bill;  
7 establishing that a certain penalty constitutes a lien on the property until paid  
8 in full; allowing a person to appeal a certain determination in accordance with  
9 certain policies and procedures; ~~requiring a licensed real estate broker,  
10 associate broker, salesperson acting as an agent for a seller of residential real  
11 property, or the owner of the property under certain circumstances to provide to  
12 a certain purchaser or agent assisting the purchaser a written estimate of  
13 certain property taxes; requiring the property tax estimate to be based on  
14 certain rates and include certain information; requiring the estimate to be  
15 updated at certain times; requiring the State Real Estate Commission to adopt  
16 certain regulations; establishing certain liability limits for a seller, the seller's  
17 agent, or an owner in connection with the sale of residential real property under  
18 certain circumstances;~~ providing for the application of this Act; and generally  
19 relating to property taxes and residential real property.

20 BY repealing and reenacting, without amendments,  
21 Article – Tax – Property  
22 Section 9–105(a)(1) and (5)(i) and (d)(1) through (3)  
23 Annotated Code of Maryland  
24 (2007 Replacement Volume and 2011 Supplement)

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### 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 BY adding to  
 2 Article – Tax – Property  
 3 Section 9–105(n)  
 4 Annotated Code of Maryland  
 5 (2007 Replacement Volume and 2011 Supplement)

6 ~~BY adding to~~  
 7 ~~Article – Business Occupations and Professions~~  
 8 ~~Section 17–531.1~~  
 9 ~~Annotated Code of Maryland~~  
 10 ~~(2010 Replacement Volume and 2011 Supplement)~~

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

13 **Article – Tax – Property**

14 9–105.

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

16 (5) (i) “Dwelling” means:

17 1. a house that is:

18 A. used as the principal residence of the homeowner; and

19 B. actually occupied or expected to be actually occupied  
 20 by the homeowner for more than 6 months of a 12–month period beginning with the  
 21 date of finality for the taxable year for which the property tax credit under this section  
 22 is sought; and

23 2. the lot or curtilage on which the house is erected.

24 (d) (1) Subject to the provisions of paragraph (6) of this subsection, the  
 25 Department shall authorize and the State, a county, or a municipal corporation shall  
 26 grant a property tax credit under this section for a taxable year unless during the  
 27 previous taxable year:

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

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

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

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

4 (2) A homeowner must actually reside in the dwelling by July 1 of the  
5 taxable year for which the property tax credit under this section is to be allowed.

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

8 (N) (1) A PERSON WHO HAS BEEN GRANTED A PROPERTY TAX CREDIT  
9 UNDER THIS SECTION AND IS SUBSEQUENTLY FOUND TO BE INELIGIBLE FOR  
10 THE CREDIT BY THE DEPARTMENT IS LIABLE FOR:

11 (I) ALL STATE, COUNTY, AND MUNICIPAL CORPORATION  
12 PROPERTY TAX OTHERWISE DUE FOR EACH TAXABLE YEAR THE PERSON  
13 IMPROPERLY RECEIVED THE CREDIT; AND

14 (II) A PENALTY EQUAL TO 25% OF THE AMOUNT OF THE  
15 PROPERTY TAX CREDIT IMPROPERLY RECEIVED DURING EACH TAXABLE YEAR.

16 (2) THE PENALTY SHALL BE INCLUDED ON THE PERSON'S  
17 PROPERTY TAX BILL AND CONSTITUTES A LIEN ON THE PROPERTY UNTIL PAID  
18 IN FULL.

19 (3) A PERSON MAY APPEAL A DETERMINATION MADE UNDER THIS  
20 SUBSECTION IN ACCORDANCE WITH THE POLICIES AND PROCEDURES SET  
21 FORTH IN § 14-506 OF THIS ARTICLE.

22 ~~SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland~~  
23 ~~read as follows:~~

24 ~~Article Business Occupations and Professions~~

25 ~~17-531.1.~~

26 ~~(A) A LICENSED BROKER, AN ASSOCIATE BROKER, A SALESPERSON~~  
27 ~~ACTING AS A LISTING AGENT FOR A SELLER OF RESIDENTIAL REAL PROPERTY,~~  
28 ~~OR THE OWNER OF RESIDENTIAL REAL PROPERTY WHEN THE OWNER IS~~  
29 ~~SELLING DIRECTLY TO A PURCHASER SHALL PROVIDE A PROSPECTIVE~~  
30 ~~PURCHASER OR THE SELLING OR COOPERATING AGENT ASSISTING THE~~  
31 ~~PURCHASER WITH A WRITTEN ESTIMATE OF THE FULL YEAR PROPERTY TAX~~  
32 ~~THAT THE PURCHASER WOULD BE OBLIGATED TO PAY IN THE NEXT FULL~~  
33 ~~TAXABLE YEAR AFTER THE PROPERTY IS TRANSFERRED.~~

1           ~~(B) (1) THE FULL YEAR PROPERTY TAX ESTIMATE REQUIRED UNDER~~  
2 ~~THIS SECTION SHALL BE BASED ON ALL APPLICABLE TAX RATES IN FORCE WHEN~~  
3 ~~THE ESTIMATE IS PRODUCED AND INCLUDE:~~

4                   ~~(I) ALL APPLICABLE STATE, COUNTY, AND MUNICIPAL~~  
5 ~~PROPERTY TAXES; AND~~

6                   ~~(II) ANY NONTAX FEES OR CHARGES INCLUDED ON THE~~  
7 ~~CONSOLIDATED REAL PROPERTY TAX BILL.~~

8           ~~(2) THE FULL YEAR PROPERTY TAX ESTIMATE MUST BE~~  
9 ~~UPDATED:~~

10                   ~~(I) BY JULY 1 OF EACH YEAR TO REFLECT ANY CHANGES IN~~  
11 ~~THE RATES OF TAXES, FEES, AND OTHER CHARGES; AND~~

12                   ~~(II) BY JANUARY 31 IF THE CURRENT FISCAL YEAR IS THE~~  
13 ~~THIRD YEAR OF THE PROPERTY'S 3 YEAR ASSESSMENT CYCLE TO REFLECT THE~~  
14 ~~ASSESSED VALUE OF THE PROPERTY AS DETERMINED BY THE STATE~~  
15 ~~DEPARTMENT OF ASSESSMENTS AND TAXATION.~~

16           ~~(C) A LISTING AGENT OR OWNER SELLING DIRECTLY TO A PURCHASER~~  
17 ~~SHALL PROVIDE THE FULL YEAR PROPERTY TAX ESTIMATE REQUIRED UNDER~~  
18 ~~THIS SECTION IN WRITING TO THE PROSPECTIVE PURCHASER OR TO THE~~  
19 ~~SELLING OR COOPERATING AGENT ASSISTING THE PURCHASER AT THE TIME~~  
20 ~~THE LISTING AGENT OR OWNER RECEIVES A WRITTEN OFFER FOR THE~~  
21 ~~PROPERTY.~~

22           ~~(D) THE COMMISSION SHALL ADOPT, BY REGULATION, AN APPROVED~~  
23 ~~METHOD TO CALCULATE THE FULL YEAR PROPERTY TAX ESTIMATE REQUIRED~~  
24 ~~UNDER THIS SECTION.~~

25           ~~(E) A LICENSED BROKER, ASSOCIATE BROKER, SALESPERSON ACTING~~  
26 ~~AS LISTING AGENT FOR A SELLER OF RESIDENTIAL REAL PROPERTY, OR THE~~  
27 ~~OWNER OF RESIDENTIAL REAL PROPERTY WHEN THE OWNER IS SELLING~~  
28 ~~DIRECTLY TO A PURCHASER IS NOT LIABLE FOR ANY INCORRECT INFORMATION~~  
29 ~~DISCLOSED UNDER THIS SECTION IF THE BROKER, SALESPERSON, AGENT, OR~~  
30 ~~OWNER RELIED IN GOOD FAITH ON THE METHOD ADOPTED BY THE COMMISSION~~  
31 ~~UNDER SUBSECTION (D) OF THIS SECTION.~~

32           SECTION ~~2~~ 2. AND BE IT FURTHER ENACTED, That ~~Section 1~~ of this Act  
33 shall take effect June 1, 2012, and shall be applicable to all taxable years beginning  
34 after June 30, 2012.

1       ~~SECTION 4. AND BE IT FURTHER ENACTED, That, this Act shall take effect~~  
2       ~~July 1, 2012.~~

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.