

Chapter 701

(House Bill 1081)

AN ACT concerning

Homestead Property Tax Credit Reform Act of 2012

FOR the purpose of providing that a person who has been granted a homestead property tax credit and is subsequently found to ~~be ineligible~~ *not qualify* for the credit ~~is liable for~~ *shall be assessed* certain property taxes otherwise due ~~and~~; ~~requiring that a person be assessed, under certain circumstances,~~ a penalty equal to a certain amount; requiring a certain penalty to be ~~included~~ *separately itemized* on the person's tax bill; establishing that a certain penalty constitutes a lien on the property until ~~paid in full~~ *certain actions are taken*; allowing a person to appeal a certain determination in accordance with certain policies and procedures; ~~requiring a licensed real estate broker, associate broker, salesperson acting as an agent for a seller of residential real property, or the owner of the property under certain circumstances to provide to a certain purchaser or agent assisting the purchaser a written estimate of certain property taxes; requiring the property tax estimate to be based on certain rates and include certain information; requiring the estimate to be updated at certain times; requiring the State Real Estate Commission to adopt certain regulations; establishing certain liability limits for a seller, the seller's agent, or an owner in connection with the sale of residential real property under certain circumstances;~~ providing for the application of this Act; and generally relating to property taxes and residential real property.

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

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

~~BY adding to~~
~~Article – Business Occupations and Professions~~
~~Section 17–531.1~~
~~Annotated Code of Maryland~~
~~(2010 Replacement Volume and 2011 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.

(5) (i) “Dwelling” means:

1. a house that is:

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

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

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

(d) (1) 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.

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

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

(N) (1) A PERSON WHO HAS BEEN GRANTED A PROPERTY TAX CREDIT UNDER THIS SECTION AND IS SUBSEQUENTLY FOUND TO ~~BE INELIGIBLE~~ NOT QUALIFY FOR THE CREDIT BY THE DEPARTMENT ~~IS LIABLE FOR:~~

~~(H)~~ SHALL BE ASSESSED ALL STATE, COUNTY, AND MUNICIPAL CORPORATION PROPERTY TAX OTHERWISE DUE FOR EACH TAXABLE YEAR THE PERSON ~~IMPROPERLY RECEIVED~~ DID NOT QUALIFY TO RECEIVE THE CREDIT; ~~AND.~~

~~(H)~~ (2) (I) IF A PERSON IS FOUND BY THE DEPARTMENT TO HAVE WILLFULLY MISREPRESENTED FACTS REGARDING QUALIFICATION FOR THE PROPERTY TAX CREDIT UNDER THIS SECTION, THE PERSON SHALL BE ASSESSED A PENALTY EQUAL TO 25% OF THE AMOUNT OF THE PROPERTY TAX CREDIT ~~IMPROPERLY~~ RECEIVED DURING EACH TAXABLE YEAR FOR WHICH THE PERSON DID NOT QUALIFY.

~~(2)~~ (II) THE AMOUNT OF THE PENALTY SHALL BE INCLUDED SEPARATELY ITEMIZED ON THE PERSON'S PROPERTY TAX BILL AND CONSTITUTES A LIEN ON THE PROPERTY UNTIL ~~PAID IN FULL;~~

1. PAYMENT OF THE PENALTY IN FULL; OR

2. IF THE PROPERTY IS SOLD IN AN ACTION TO FORECLOSE ON A MORTGAGE OR DEED OF TRUST:

A. A COPY OF THE COURT ORDER RATIFYING THE FORECLOSURE SALE IS PROVIDED TO THE SUPERVISOR OF ASSESSMENTS FOR THE COUNTY IN WHICH THE RESIDENTIAL PROPERTY IS LOCATED; OR

B. AN INSTRUMENT OF WRITING TRANSFERRING THE PROPERTY IS RECORDED IN THE LAND RECORDS OF THE COUNTY IN WHICH THE PROPERTY IS LOCATED.

(3) IF A LIEN IS RELEASED UNDER PARAGRAPH (2)(II)2 OF THIS SUBSECTION, ANY UNPAID PENALTY AMOUNT SHALL REMAIN THE PERSONAL LIABILITY OF THE PERSON AGAINST WHOM THE PENALTY WAS ASSESSED.

~~(3)~~ (4) A PERSON MAY APPEAL A DETERMINATION MADE UNDER THIS SUBSECTION IN ACCORDANCE WITH THE POLICIES AND PROCEDURES SET FORTH IN § 14-506 OF THIS ARTICLE.

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

~~Article Business Occupations and Professions~~~~17-531.1.~~

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

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

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

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

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

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

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

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

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

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

SECTION ~~3~~ 2. AND BE IT FURTHER ENACTED, That ~~Section 1~~ of this Act shall take effect June 1, 2012, and shall be applicable to all taxable years beginning after June 30, 2012.

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

Approved by the Governor, May 22, 2012.