

SENATE BILL 354

Q1

4r1920
CF HB 681

By: ~~Senator Muse~~ Senators Muse, Currie, and Peters ~~Peters, Benson,~~
Ramirez, and Rosapepe

Introduced and read first time: January 22, 2014

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted with floor amendments

Read second time: March 10, 2014

CHAPTER _____

1 AN ACT concerning

2 **Maryland Renters Tax Credit Program – Marketing Campaign**

3 FOR the purpose of ~~altering the calculation of certain property tax relief provided to~~
4 ~~certain renters by altering the percent of rent used to determine the amount of~~
5 ~~assumed property tax and altering the calculation of combined income of a~~
6 ~~renter; increasing the maximum amount of property tax relief that may be~~
7 ~~provided;~~ requiring the State Department of Assessments and Taxation to
8 establish a certain marketing campaign; requiring the Department to report to
9 the General Assembly on certain matters on or before a certain date; stating the
10 intent of the General Assembly; authorizing Prince George’s County to provide
11 certain funding to provide additional rent relief for certain residents; and
12 generally relating to the renters property tax credit relief program.

13 BY repealing and reenacting, with amendments,
14 Article – Tax – Property
15 Section 9–102
16 Annotated Code of Maryland
17 (2012 Replacement Volume and 2013 Supplement)

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

20 **Article – Tax – Property**

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 9–102.

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

3 (2) (i) “Assets” include:

4 1. real property;

5 2. cash;

6 3. savings accounts;

7 4. stocks;

8 5. bonds; and

9 6. any other investment.

10 (ii) “Assets” do not include:

11 1. the cash value of the life insurance policies on the life
12 of the renter; or

13 2. tangible personal property.

14 (3) “Assumed real property tax” means:

15 (i) ~~15%~~ **25%** of the occupancy rent paid by a renter during the
16 calendar year; or

17 (ii) ~~15%~~ **25%** of the occupancy rent paid by a renter during the
18 calendar year plus any tax paid under § 20–501 of the Local Government Article.

19 (4) “Combined income” means the combined gross income of all
20 individuals who actually reside in a dwelling except an individual who:

21 (i) is a dependent of the renter under § 152 of the Internal
22 Revenue Code; or

23 (ii) pays a reasonable amount for rent or room and board.

24 (5) (i) “Dwelling” means a rental unit that is the principal
25 residence of a renter.

26 (ii) “Dwelling” includes a mobile home pad on which the
27 principal residence of the renter rests.

1 (6) (i) “Gross income” means the total income from all sources for
2 the calendar year that immediately precedes the taxable year, whether or not the
3 income is included in the definition of gross income for federal or State tax purposes.

4 (ii) “Gross income” includes:

- 5 1. any benefit under the Social Security Act or the
6 Railroad Retirement Act;
- 7 2. the aggregate of gifts over \$300;
- 8 3. alimony;
- 9 4. support money;
- 10 5. any nontaxable strike benefit;
- 11 6. public assistance received in a cash grant;
- 12 7. a pension;
- 13 8. an annuity;
- 14 9. any unemployment insurance benefit;
- 15 10. any workers’ compensation benefit; and
- 16 11. the net income received from a business, rental, or
17 other endeavor.

18 (iii) “Gross income” does not include:

- 19 1. any income tax refund received from the State or
20 federal government, including any refundable portion of the federal earned income tax
21 credit; or
- 22 2. any loss from business, rental, or other endeavor.

23 (7) “Net worth” means the sum of the current market value of all
24 assets, less any outstanding liability.

25 (8) “Occupancy rent” means the rent paid for the right to occupy a
26 dwelling less the reasonable value of the utilities or furnishings or both if the utilities
27 or the use of the furnishings or both are included in the rent.

1 (9) "Renter" means an individual, who during the calendar year for
2 which the property tax relief under this section is sought, actually occupies a dwelling
3 in which the individual has a leasehold interest and who:

4 (i) is at least 60 years old;

5 (ii) has been found permanently and totally disabled and has
6 qualified for benefits under:

- 7 1. the Social Security Act;
- 8 2. the Railroad Retirement Act;
- 9 3. any federal act for members of the United States
10 armed forces; or
- 11 4. any federal retirement system;

12 (iii) has been found permanently and totally disabled by a county
13 health officer or the Baltimore City Commissioner of Health; or

14 (iv) is under the age of 60 years and:

- 15 1. has gross income below the poverty threshold that is
16 established by the U.S. Department of Commerce, Bureau of the Census in August of
17 the previous calendar year;
- 18 2. has 1 or more dependent children under 18 years old
19 living with the renter; and
- 20 3. does not receive federal or State housing subsidies or
21 reside in public housing.

22 (b) There is a property tax relief program for any renter.

23 (c) The Department shall adopt regulations necessary to carry out this
24 section.

25 (d) (1) ~~(I)~~ The Department shall:

26 ~~(H)~~ 1. give to each renter notice of possible property tax
27 relief under this section; AND

28 ~~(H)~~ 2. ESTABLISH A MARKETING CAMPAIGN TO
29 PROMOTE THE USE OF THE PROPERTY TAX RELIEF PROGRAM UNDER THIS
30 SECTION.

1 **(II) THE MARKETING CAMPAIGN SHALL FOCUS ON**
2 **REACHING RENTERS IN HIGH POVERTY AREAS THROUGHOUT THE STATE.**

3 (2) The Comptroller shall provide in each package of income tax forms
4 and instructions notice of the availability of a property tax credit under this section.
5 Such notice shall be similar in every way to that provided homeowners in § 9–104(f) of
6 this subtitle.

7 **(3) THE DEPARTMENT SHALL REPORT TO THE GENERAL**
8 **ASSEMBLY, IN ACCORDANCE WITH § 2–1246 OF THE STATE GOVERNMENT**
9 **ARTICLE, ON THE PROMOTION OF THE PROPERTY TAX RELIEF PROGRAM UNDER**
10 **PARAGRAPH (1) OF THIS SUBSECTION.**

11 (e) If a dwelling is not actually occupied or expected to be occupied by the
12 renter for 6 months or more of the calendar year, the dwelling is not a principal
13 residence.

14 (f) (1) On or before September 1 of the year following the calendar year
15 for which property tax relief under this section is sought, a renter may apply to the
16 Department for the property tax relief. The application shall be made on the form that
17 the Department provides.

18 (2) For good cause, the Department may accept an application from a
19 renter after September 1 but on or before October 31 of the year following the calendar
20 year for which property tax relief under this section is sought.

21 (3) The renter shall state under oath that the statements in the
22 application are true.

23 (4) To substantiate the application, the applicant may be required to
24 provide a copy of an income tax return, or other evidence detailing gross income or net
25 worth.

26 (g) Notwithstanding § 13–202 of the Tax – General Article, to verify the
27 income stated in an application, the Comptroller shall give the Department the
28 information required.

29 (h) (1) The property tax relief that a renter may receive under this section
30 is the assumed property tax on real property less a percentage of the combined income
31 of the renter.

32 (2) The percentage is:

33 (i) 0% of the 1st ~~[\$4,000]~~ ~~[\$8,000]~~ of combined income;

- 1 (ii) 2.5% of the 2nd ~~[\$4,000]~~ ~~\$8,000~~ of combined income;
- 2 (iii) 5.5% of the 3rd ~~[\$4,000]~~ ~~\$8,000~~ of combined income;
- 3 (iv) 7.5% of the 4th ~~[\$4,000]~~ ~~\$8,000~~ of combined income; and
- 4 (v) 9% of the combined income over ~~[\$16,000]~~ ~~\$32,000~~.

5 (i) The property tax relief under this section may not be:

6 (1) more than ~~[\$750]~~ ~~\$1,500~~;

7 (2) granted to any renter whose combined net worth exceeds \$200,000
8 as of December 31 of the calendar year for which the property tax relief is sought;

9 (3) granted to any renter whose dwelling is exempt from property tax;
10 and

11 (4) granted if the credit under this section is less than \$1 in any year.

12 (j) (1) The Department shall:

13 (i) process applications upon receipt;

14 (ii) certify to the Comptroller the property tax relief under this
15 section due each renter; and

16 (iii) make the certifications required under item (ii) of this
17 paragraph no less frequently than each month.

18 (2) The Comptroller shall pay the amount to the renter upon receipt of
19 the certification from the Department.

20 SECTION 2. AND BE IT FURTHER ENACTED, That it is the intent of the
21 General Assembly that Prince George's County establish a local program to provide
22 additional rent relief for low-income residents in the county. Prince George's County
23 may use \$894,850 to provide the additional relief.

24 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take
25 effect July 1, 2014.