

HOUSE BILL 790

Q1

7lr1355

By: **Delegate Carr**

Introduced and read first time: February 3, 2017

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Property Tax – Homeowners’ Property Tax Credit – Definition of Gross Income**

3 FOR the purpose of altering the definition of “gross income” for purposes of determining
4 eligibility for and the computation of a certain homeowners’ property tax credit;
5 providing for the application of this Act; and generally relating to the homeowners’
6 property tax credit.

7 BY repealing and reenacting, without amendments,
8 Article – Tax – Property
9 Section 9–104(a)(1) and (3), (f), (g), (h), and (j)(1)
10 Annotated Code of Maryland
11 (2012 Replacement Volume and 2016 Supplement)

12 BY repealing and reenacting, with amendments,
13 Article – Tax – Property
14 Section 9–104(a)(8)
15 Annotated Code of Maryland
16 (2012 Replacement Volume and 2016 Supplement)

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

19 **Article – Tax – Property**

20 9–104.

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

22 (3) “Combined income” means the combined gross income of all individuals
23 who actually reside in a dwelling except an individual who:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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1 (i) is a dependent of the homeowner under § 152 of the Internal
2 Revenue Code; or

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

4 (8) (i) “Gross income” means [the total income from all sources] **THE**
5 **LESSER OF:**

6 **1. MARYLAND ADJUSTED GROSS INCOME, AS**
7 **CALCULATED IN ACCORDANCE WITH TITLE 10, SUBTITLE 2 OF THE TAX – GENERAL**
8 **ARTICLE, INCLUDING THE VALUE OF ANY INCOME RECEIVED DURING PERIODS OF**
9 **NONRESIDENCE NOT OTHERWISE SUBJECT TO THE STATE INCOME TAX; OR**

10 **2. THE SUM OF THE FOLLOWING AMOUNTS** for the
11 calendar year that immediately precedes the taxable year[, whether or not the income is
12 included in the definition of gross income for federal or State tax purposes.

13 (ii) “Gross income” includes]:

14 **A. WAGES;**

15 **B. NET DIVIDENDS AND INTEREST;**

16 [1.] **C.** any benefit under the Social Security Act or the
17 Railroad Retirement Act;

18 [2. the aggregate of gifts over \$300;]

19 [3.] **D.** alimony;

20 [4.] **E.** support money;

21 [5. any nontaxable strike benefit;

22 6. public assistance received in a cash grant;]

23 [7.] **F.** **NET TAXABLE INCOME FROM** a pension, **LESS**
24 **ANY SUBTRACTIONS ALLOWED UNDER TITLE 10, SUBTITLE 2 OF THE TAX –**
25 **GENERAL ARTICLE;**

26 [8.] **G.** **TAXABLE EARNINGS WITHDRAWN FROM** an
27 annuity;

28 [9.] **H.** any unemployment insurance benefit;

1 [10. any workers' compensation benefit;]

2 **I. CAPITAL GAINS OR LOSSES;**

3 [11.] **J.** the net income received from a business, rental, or
4 other endeavor;

5 [12.] **K.** [any withdrawal, payment, or distribution]
6 **TAXABLE EARNINGS WITHDRAWN** from an individual retirement account;

7 [13.] **L.** [any withdrawal, payment, or distribution]
8 **TAXABLE EARNINGS WITHDRAWN** from any qualified retirement savings plan; [and]

9 [14.] **M.** any rent on the dwelling, including the rent from a
10 room or apartment; **AND**

11 **N. OTHER SUBTRACTIONS TO INCOME, INCLUDING THE**
12 **VALUE OF ANY INCOME RECEIVED DURING PERIODS OF NONRESIDENCE NOT**
13 **SUBJECT TO THE STATE INCOME TAX.**

14 [(iii)] **(II)** "Gross income" does not include[:

15 1.] any income tax refund received from the State or federal
16 government[; or

17 2. any loss from business, rental, or other endeavor].

18 (f) A homeowner who meets the requirements of this section shall be granted the
19 property tax credit under this section against the property tax imposed on the real property
20 of the dwelling.

21 (g) (1) Except as provided in subsection (h) of this section, the property tax
22 credit under this section is the total real property tax of a dwelling, less the percentage of
23 the combined income of the homeowner that is described in paragraph (2) of this subsection.

24 (2) The percentage is:

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

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

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

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

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1 (h) For home purchasers, the property tax credit is the amount of the credit as
2 calculated under subsection (g) of this section multiplied by a fraction, where:

3 (1) the numerator of the fraction is the number of days in the fiscal year
4 that the home purchaser actually occupies or expects to actually occupy a dwelling in which
5 the home purchaser has a legal interest; and

6 (2) the denominator is 365 days.

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

11 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
12 1, 2017, and shall be applicable to tax credits for all taxable years beginning after June 30,
13 2017.