

# SENATE BILL 777

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By: Senators Waldstreicher ~~and Smith~~, Smith, Eckardt, Edwards, Elfreth, Ferguson, Griffith, Guzzone, King, McCray, Peters, Rosapepe, Salling, Serafini, and Zucker

Introduced and read first time: February 4, 2019

Assigned to: Budget and Taxation

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 7, 2019

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

1 AN ACT concerning

2 **Property Tax – Exemption for Dwelling House Owned by Disabled Active Duty**  
3 **Service Member**

4 FOR the purpose of exempting from the property tax under certain circumstances dwelling  
5 houses owned by certain disabled active duty service members; requiring a disabled  
6 active duty service member to apply for the exemption and provide to the supervisor  
7 of assessments for a county a certain certification of disability; authorizing a county  
8 or municipal corporation to authorize, by law, a refund to a disabled active duty  
9 service member under certain circumstances; requiring the governing body of a  
10 county or municipal corporation to pay interest on the refund under certain  
11 circumstances; requiring a county to include certain information on the property tax  
12 bill; defining a certain term; making conforming changes; providing for the  
13 application of this Act; and generally relating to a property tax exemption for  
14 dwelling houses owned by disabled active duty service members.

15 BY repealing and reenacting, with amendments,  
16 Article – Tax – Property  
17 Section 7–208  
18 Annotated Code of Maryland  
19 (2012 Replacement Volume and 2018 Supplement)

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

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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.



## Article – Tax – Property

7–208.

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

**(2) “DISABLED ACTIVE DUTY SERVICE MEMBER” MEANS AN INDIVIDUAL IN ACTIVE SERVICE OF THE MILITARY, NAVAL, OR AIR SERVICE AS DEFINED IN 38 U.S.C. § 101 WHO HAS A SERVICE CONNECTED PHYSICAL DISABILITY THAT:**

**(I) IS REASONABLY CERTAIN TO CONTINUE FOR THE LIFE OF THE SERVICE MEMBER; AND**

**(II) WAS NOT CAUSED OR INCURRED BY MISCONDUCT OF THE SERVICE MEMBER.**

**[(2)] (3) (i) “Disabled veteran” means an individual who:**

1. is honorably discharged or released under honorable circumstances from active military, naval, or air service as defined in 38 U.S.C. § 101; and

2. has been declared by the Veterans’ Administration to have a permanent 100% service connected disability that results from blindness or other disabling cause that:

A. is reasonably certain to continue for the life of the veteran;  
and

B. was not caused or incurred by misconduct of the veteran.

(ii) “Disabled veteran” includes an individual who qualifies posthumously for a 100% service connected disability.

**[(3)] (4) “Dwelling house”:**

(i) means real property that is:

1. the legal residence of a **DISABLED ACTIVE DUTY SERVICE MEMBER**, disabled veteran, or [a] surviving spouse; and

2. occupied by not more than 2 families; and

(ii) includes the lot or curtilage and structures necessary to use the real property as a residence.

1            ~~[(4)] (5)~~        “Individual who died in the line of duty” means an individual who  
2 died while in the active military, naval, or air service of the United States as a result of an  
3 injury or disease that is deemed under 38 U.S.C. § 105 to have been incurred in the line of  
4 duty.

5            ~~[(5)] (6)~~        “Surviving spouse” means an individual who has not remarried  
6 and who:

7                            (i)        is the surviving spouse of a disabled veteran;

8                            (ii)       is the surviving spouse of an individual who died in the line of  
9 duty; or

10                           (iii)      receives Dependency and Indemnity Compensation from the  
11 United States Department of Veterans Affairs.

12            (b)        Except as provided in subsection (e) of this section, a dwelling house is exempt  
13 from property tax if:

14                           (1)        the dwelling house is owned by:

15    **(I)        A DISABLED ACTIVE DUTY SERVICE MEMBER;**

16    ~~[(i)] (II)~~        a disabled veteran;

17    ~~[(ii)] (III)~~      a surviving spouse of an individual who died in the line of  
18 duty, if:

19    1.        the dwelling house was owned by the individual at the  
20 time of the individual’s death;

21    2.        the dwelling house was acquired by the surviving spouse  
22 within 2 years of the individual’s death, if the individual or the surviving spouse was  
23 domiciled in the State as of the date of the individual’s death; or

24    3.        the dwelling house was acquired after the surviving  
25 spouse qualified for exemption for a former dwelling house under item 1 or 2 of this item,  
26 to the extent of the previous exemption; or

27    ~~[(iii)] (IV)~~      a surviving spouse of a disabled veteran who meets the  
28 requirements of subsection (c) of this section; and

29                           (2)        the application requirements of subsection (d) of this section are met.

1 (c) Except as provided in subsections (d) and (e) of this section, after a disabled  
2 veteran dies, the surviving spouse of the disabled veteran shall receive a disabled veteran's  
3 property tax exemption:

4 (1) for the dwelling house that was formerly owned by the disabled veteran:

5 (i) if the dwelling house received an exemption under this section;

6 and

7 (ii) if the surviving spouse owns and resides in the dwelling house;

8 (2) for the dwelling house that was formerly occupied by the disabled  
9 veteran:

10 (i) if the dwelling house did not receive an exemption under this  
11 section;

12 (ii) if the disabled veteran was domiciled in the State at death; and

13 (iii) if the surviving spouse owns and resides in the dwelling house;

14 and

15 (3) for a dwelling house subsequently acquired by the surviving spouse,  
16 equal to the exemption for the former dwelling house when the dwelling house owned by  
17 the surviving spouse was transferred by the surviving spouse:

18 (i) if the surviving spouse owns and resides in the subsequently  
19 acquired dwelling house; and

20 (ii) if the surviving spouse has qualified under item (1) or (2) of this  
21 subsection.

22 (d) (1) A disabled veteran or a surviving spouse of a disabled veteran shall  
23 apply for an exemption under this section by providing to the supervisor:

24 (i) a copy of the disabled veteran's discharge certificate from active  
25 military, naval, or air service; and

26 (ii) on the form provided by the Department, a certification of the  
27 disabled veteran's disability from the Veterans' Administration.

28 (2) The disabled veteran's certificate of disability may not be inspected by  
29 individuals other than:

30 (i) the disabled veteran; or

1 (ii) appropriate employees of the State, a county, or a municipal  
2 corporation.

3 (3) A DISABLED ACTIVE DUTY SERVICE MEMBER SHALL APPLY FOR  
4 AN EXEMPTION UNDER THIS SECTION BY PROVIDING TO THE SUPERVISOR, ON THE  
5 FORM PROVIDED BY THE DEPARTMENT, A CERTIFICATION OF THE SERVICE  
6 MEMBER'S DISABILITY FROM A PHYSICIAN LICENSED TO PRACTICE MEDICINE IN  
7 THE STATE OR FROM THE VETERANS' ADMINISTRATION.

8 [(3)] (4) A surviving spouse of an individual who died in the line of duty  
9 shall apply for an exemption under this section by providing to the supervisor certification  
10 that the individual died while in active service as a result of an injury or disease incurred  
11 in the line of duty.

12 (e) (1) Except as provided in paragraph (2) of this subsection, an exemption  
13 under this section shall be granted in addition to any other exemption authorized by law.

14 (2) An individual may receive an exemption under this section or under §  
15 7-207 of this subtitle but not under both.

16 (f) (1) An exemption under this section is prorated by the supervisor for any  
17 part of a taxable year that remains after the date in the year when the **DISABLED ACTIVE**  
18 **DUTY SERVICE MEMBER**, disabled veteran, or [the] surviving spouse applies for the  
19 exemption.

20 (2) Notwithstanding any other provision of this article, if a dwelling is  
21 transferred to a **DISABLED ACTIVE DUTY SERVICE MEMBER**, disabled veteran, or [a]  
22 surviving spouse who qualifies for an exemption under this section, the exemption applies  
23 and the property tax is abated from the date of settlement for the purchase of the property,  
24 if the transferee applies for the exemption within 30 days after the settlement for the  
25 purchase of the property.

26 (3) The Department shall adopt regulations to administer the provisions of  
27 paragraph (2) of this subsection.

28 (g) (1) In the taxable years in which an exemption under this section was  
29 authorized but not granted, the governing body of a county or a municipal corporation may  
30 authorize, by law, a refund to an individual described below who receives an exemption  
31 under this section:

32 (i) to a **DISABLED ACTIVE DUTY SERVICE MEMBER**, disabled  
33 veteran, or [a] surviving spouse for any county property tax paid; or

34 (ii) to a **DISABLED ACTIVE DUTY SERVICE MEMBER OR** disabled  
35 veteran for any municipal corporation property tax paid.

1           (2) A surviving spouse may apply for a refund of county property tax paid  
2 on the dwelling house while the exemption was available, only if the surviving spouse  
3 applies for the exemption during the 3-year period beginning with the calendar year in  
4 which the surviving spouse initially became eligible for an exemption under this section.

5           (h) (1) For the purposes of subsections (f) and (g) of this section, a county or  
6 municipal corporation shall pay to a **DISABLED ACTIVE DUTY SERVICE MEMBER**,  
7 disabled veteran, or surviving spouse interest on the amount of a refund if:

8                   (i) the governing body has authorized the refund;

9                   (ii) the **DISABLED ACTIVE DUTY SERVICE MEMBER**, disabled  
10 veteran, or surviving spouse is eligible and has applied for the refund; and

11                   (iii) the county or municipal corporation fails to make the refund  
12 within 60 days after the eligible **DISABLED ACTIVE DUTY SERVICE MEMBER**, disabled  
13 veteran, or surviving spouse has applied for the refund.

14           (2) If interest is payable under this subsection:

15                   (i) the county or municipal corporation shall pay interest at the rate  
16 the county or municipal corporation charges on overdue taxes; and

17                   (ii) interest shall accrue from the date the application is filed with  
18 the county or municipal corporation.

19           (i) Each county shall include information on the property tax bill about the  
20 availability of the property tax exemption for **DISABLED ACTIVE DUTY SERVICE**  
21 **MEMBERS**, disabled veterans, and surviving spouses authorized under this section.

22           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June  
23 1, 2019, and shall be applicable to all taxable years beginning after June 30, 2019.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.