

Chapter 726

**(House Bill 1311)**

AN ACT concerning

**Property Tax Exemption – Disabled Active Duty Service Members, Disabled Veterans, and Surviving Spouses – Refund**

FOR the purpose of requiring the State, a county, or a municipal corporation to pay a certain refund to a disabled active duty service member, disabled veteran, or surviving spouse under certain circumstances; requiring the State, a county, or a municipal corporation to pay interest on the refund under certain circumstances; providing for the application of this Act; and generally relating to refunds for property taxes paid for dwelling houses owned by disabled active duty service members, disabled veterans, or surviving spouses.

BY repealing and reenacting, without amendments,  
Article – Tax – Property  
Section 7–208(a)  
Annotated Code of Maryland  
(2019 Replacement Volume and 2020 Supplement)

BY repealing and reenacting, with amendments,  
Article – Tax – Property  
Section 7–208(g) and (h)  
Annotated Code of Maryland  
(2019 Replacement Volume and 2020 Supplement)

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

**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.

(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.

(4) “Dwelling house”:

(i) means real property that is:

1. the legal residence of a disabled active duty service member, disabled veteran, or 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.

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

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

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

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

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

(g) (1) **[In] SUBJECT TO PARAGRAPHS (2) AND (3) OF THIS SUBSECTION, IN** the taxable years in which an exemption under this section was authorized but not

granted, [the governing body of] **THE STATE**, a county, or a municipal corporation [may authorize, by law,] **SHALL PAY** a refund to an individual described below who receives an exemption under this section:

(i) **TO A DISABLED ACTIVE DUTY SERVICE MEMBER, DISABLED VETERAN, OR SURVIVING SPOUSE FOR ANY STATE PROPERTY TAX PAID;**

(II) to a disabled active duty service member, disabled veteran, or surviving spouse for any county property tax paid; or

[(ii)] (III) to a disabled active duty service member or disabled veteran for any municipal corporation property tax paid.

(2) **A DISABLED ACTIVE DUTY SERVICE MEMBER OR DISABLED VETERAN MAY APPLY FOR A REFUND OF STATE, COUNTY, AND MUNICIPAL CORPORATION PROPERTY TAX PAID ON THE DWELLING HOUSE WHILE THE EXEMPTION WAS AVAILABLE ONLY IF THE DISABLED ACTIVE DUTY SERVICE MEMBER OR DISABLED VETERAN APPLIES FOR THE EXEMPTION DURING THE 3-YEAR PERIOD BEGINNING WITH THE CALENDAR YEAR IN WHICH THE DISABLED ACTIVE DUTY SERVICE MEMBER OR DISABLED VETERAN INITIALLY BECAME ELIGIBLE FOR AN EXEMPTION UNDER THIS SECTION.**

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

(h) (1) For the purposes of subsections (f) and (g) of this section, **THE STATE**, a county, or A municipal corporation shall pay to a disabled active duty service member, disabled veteran, or surviving spouse interest on the amount of a refund if:

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

(ii)] the disabled active duty service member, disabled veteran, or surviving spouse is eligible and has applied for the refund; and

[(iii)] (II) the **STATE**, county, or municipal corporation fails to make the refund within 60 days after the eligible disabled active duty service member, disabled veteran, or surviving spouse has applied for the refund.

(2) If interest is payable under this subsection:

(i) **THE STATE SHALL PAY INTEREST AT THE RATE THE STATE CHARGES ON OVERDUE TAXES;**

**(II)** the county or municipal corporation shall pay interest at the rate the county or municipal corporation charges on overdue taxes; and

**[(ii)] (III)** interest shall accrue from the date the **REFUND** application is filed with the **STATE**, county, or municipal corporation.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed to apply retroactively and shall be applied to and interpreted to affect all taxable years beginning after June 30, 2018.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2021.

**Enacted under Article II, § 17(c) of the Maryland Constitution, May 30, 2021.**