

# HOUSE BILL 1234

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By: **Delegate Feldmark**

Introduced and read first time: February 8, 2021

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Homeowners' Property Tax Credit – Eligibility and Automatic Renewal**

3 FOR the purpose of altering the definition of “gross income” for purposes of eligibility for  
4 and calculation of a certain homeowners' property tax credit; requiring that a certain  
5 homeowner be presumed to be eligible for and granted the homeowners' property tax  
6 credit under certain circumstances; providing that, under certain circumstances, a  
7 homeowner remains eligible for the tax credit and may not be required to submit an  
8 application for renewal of the credit; requiring the State Department of Assessments  
9 and Taxation to mail a certain notice to certain homeowners regarding renewal of  
10 the tax credit; providing for the application of this Act; and generally relating to the  
11 homeowners' property tax credit.

12 BY repealing and reenacting, without amendments,  
13 Article – Tax – Property  
14 Section 9–104(a)(1) and (3), (f), (g), (h), and (j)(1)  
15 Annotated Code of Maryland  
16 (2019 Replacement Volume and 2020 Supplement)

17 BY repealing and reenacting, with amendments,  
18 Article – Tax – Property  
19 Section 9–104(a)(8) and (l)  
20 Annotated Code of Maryland  
21 (2019 Replacement Volume and 2020 Supplement)

22 BY adding to  
23 Article – Tax – Property  
24 Section 9–104(v)  
25 Annotated Code of Maryland  
26 (2019 Replacement Volume and 2020 Supplement)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 **Article – Tax – Property**

4 9–104.

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

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

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

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

11 (8) [(i)] “Gross income” means [the total income from all sources for the  
12 calendar year that immediately precedes the taxable year, whether or not the income is  
13 included in the definition of gross income for federal or State tax purposes] **AN**  
14 **INDIVIDUAL’S MARYLAND ADJUSTED GROSS INCOME AS CALCULATED UNDER TITLE**  
15 **10, SUBTITLE 2 OF THE TAX – GENERAL ARTICLE.**

16 [(ii)] “Gross income” includes:

17 1. any benefit under the Social Security Act or the Railroad  
18 Retirement Act;

19 2. the aggregate of gifts over \$300;

20 3. alimony;

21 4. support money;

22 5. any nontaxable strike benefit;

23 6. public assistance received in a cash grant;

24 7. a pension;

25 8. an annuity;

26 9. any unemployment insurance benefit;

27 10. any workers’ compensation benefit;

1                   11.    the net income received from a business, rental, or other  
2 endeavor;

3                   12.    any withdrawal, payment, or distribution from an  
4 individual retirement account;

5                   13.    any withdrawal, payment, or distribution from any  
6 qualified retirement savings plan; and

7                   14.    any rent on the dwelling, including the rent from a room  
8 or apartment.

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

10                   1.     any income tax refund received from the State or federal  
11 government; or

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

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

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

19                   (2)    The percentage is:

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

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

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

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

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

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

29                   (2)    the denominator is 365 days.

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

5 (l) (1) On or before the February 15 that precedes the taxable year in which  
6 the property tax credit under this section is sought, the Department shall make available  
7 that year's property tax credit application form.

8 (2) Except as provided in subsections [(m) and (u)] (M), (U), AND (V) of  
9 this section, on or before October 1 of the taxable year in which the property tax credit  
10 under this section is sought, a homeowner may apply to the Department for a property tax  
11 credit under this section. The application shall be made on the form that the Department  
12 provides.

13 (3) (i) For good cause, the Department may accept an application after  
14 October 1 but on or before October 31 of the taxable year.

15 (ii) The Department shall notify the homeowner in writing of its  
16 acceptance or rejection of a late application.

17 (4) The homeowner shall state under oath that the facts in the application  
18 are true.

19 (5) To substantiate the application, the applicant may be required to  
20 provide a copy of an income tax return, or other evidence detailing gross income or net  
21 worth.

22 (V) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, A  
23 HOMEOWNER SHALL BE PRESUMED TO BE ELIGIBLE FOR AND GRANTED THE  
24 PROPERTY TAX CREDIT UNDER THIS SECTION FOR A TAXABLE YEAR IF:

25 (I) FOR A PRECEDING TAXABLE YEAR, THE HOMEOWNER  
26 SUBMITTED AN APPLICATION FOR AND WAS GRANTED THE PROPERTY TAX CREDIT  
27 UNDER THIS SECTION; AND

28 (II) THE DEPARTMENT, IN CONSULTATION WITH THE  
29 COMPTROLLER, DETERMINES THE HOMEOWNER REMAINS ELIGIBLE FOR THE  
30 PROPERTY TAX CREDIT BASED ON:

31 1. ANY NEW INFORMATION REGARDING THE  
32 HOMEOWNER THAT IS MADE AVAILABLE TO THE DEPARTMENT AND THE  
33 COMPTROLLER FOR THE TAXABLE YEAR IN WHICH THE PROPERTY TAX CREDIT  
34 APPLIES; AND

1                   **2. IN THE ABSENCE OF NEW INFORMATION, THE**  
2 **INFORMATION PROVIDED ON THE HOMEOWNER'S MOST RECENTLY SUBMITTED**  
3 **APPLICATION FOR THE PROPERTY TAX CREDIT.**

4                   **(2) A HOMEOWNER WHO IS PRESUMED TO BE ELIGIBLE FOR AND**  
5 **GRANTED A PROPERTY TAX CREDIT UNDER PARAGRAPH (1) OF THIS SUBSECTION**  
6 **MAY NOT BE REQUIRED TO SUBMIT A RENEWAL APPLICATION AND SHALL REMAIN**  
7 **ELIGIBLE FOR AND BE GRANTED THE PROPERTY TAX CREDIT UNDER THIS SECTION**  
8 **FOR SUBSEQUENT TAXABLE YEARS UNLESS, BASED ON THE RECEIPT OF NEW**  
9 **INFORMATION, THE DEPARTMENT DETERMINES THE HOMEOWNER IS NO LONGER**  
10 **ELIGIBLE.**

11                   **(3) ON OR BEFORE AUGUST 1 EACH YEAR, THE DEPARTMENT SHALL**  
12 **MAIL NOTICE TO EACH HOMEOWNER GRANTED THE PROPERTY TAX CREDIT UNDER**  
13 **THIS SUBSECTION THAT INDICATES:**

14                   **(I) THE PROPERTY TAX CREDIT IS BEING RENEWED BASED ON**  
15 **THE MOST RECENT INFORMATION AVAILABLE REGARDING THE HOMEOWNER;**

16                   **(II) THE INFORMATION USED BY THE DEPARTMENT TO MAKE**  
17 **THE DETERMINATION; AND**

18                   **(III) THE HOMEOWNER SHOULD IMMEDIATELY NOTIFY THE**  
19 **DEPARTMENT OF ANY CHANGES IN THE HOMEOWNER'S INFORMATION THAT MAY**  
20 **IMPACT THE HOMEOWNER'S ELIGIBILITY FOR THE PROPERTY TAX CREDIT.**

21                   **(4) IF THE DEPARTMENT DETERMINES THE HOMEOWNER IS NO**  
22 **LONGER ELIGIBLE FOR THE PROPERTY TAX CREDIT IN ACCORDANCE WITH THIS**  
23 **SUBSECTION, THE DEPARTMENT SHALL NOTIFY THE HOMEOWNER BY MAIL ON OR**  
24 **BEFORE AUGUST 1 OF THE TAXABLE YEAR.**

25                   **SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June**  
26 **1, 2021, and shall be applicable to all taxable years beginning after June 30, 2021.**