

# HOUSE BILL 1138

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2lr2042  
CF SB 809

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By: **Delegates Feldmark, Ebersole, Hill, Lierman, Palakovich Carr, and Terrasa**  
Introduced and read first time: February 11, 2022  
Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Homeowners' Property Tax Credit – Easy Application and Automatic Renewal**

3 FOR the purpose of requiring the Comptroller to include on the Maryland resident  
4 individual income tax return form a certain notification concerning the homeowners'  
5 property tax credit and a certain separate form that a taxpayer may use to apply for  
6 the homeowners' property tax credit; requiring that certain qualifying homeowners  
7 receive the homeowners' property tax credit for subsequent taxable years without  
8 being required to file an application for the credit; and generally relating to the  
9 homeowners' property tax credit.

10 BY adding to

11 Article – Tax – General  
12 Section 2–116  
13 Annotated Code of Maryland  
14 (2016 Replacement Volume and 2021 Supplement)

15 BY repealing and reenacting, with amendments,

16 Article – Tax – Property  
17 Section 9–104(l)(2)  
18 Annotated Code of Maryland  
19 (2019 Replacement Volume and 2021 Supplement)

20 BY adding to

21 Article – Tax – Property  
22 Section 9–104(v)  
23 Annotated Code of Maryland  
24 (2019 Replacement Volume and 2021 Supplement)

25 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
26 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.



## Article – Tax – General

2-116.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) “DEPARTMENT” MEANS THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION.

(3) “HOMEOWNERS’ CREDIT” MEANS THE PROPERTY TAX CREDIT ESTABLISHED UNDER § 9-104 OF THE TAX – PROPERTY ARTICLE.

(4) “INCOME TAX RETURN FORM” MEANS THE MARYLAND RESIDENT INDIVIDUAL INCOME TAX RETURN FORM.

(B) THE COMPTROLLER SHALL INCLUDE ON THE INCOME TAX RETURN FORM A CONSPICUOUS NOTIFICATION TO THE TAXPAYER THAT:

(1) THE TAXPAYER MAY QUALIFY FOR THE HOMEOWNERS’ CREDIT IF THE TAXPAYER HAS LIMITED INCOME AND ASSETS;

(2) IF THE TAXPAYER QUALIFIES, THE HOMEOWNERS’ CREDIT MAY SIGNIFICANTLY REDUCE THE PROPERTY TAXES THE TAXPAYER OWES; AND

(3) THE TAXPAYER MUST COMPLETE THE SEPARATE FORM DESCRIBED IN SUBSECTION (C) OF THIS SECTION TO APPLY FOR THE HOMEOWNERS’ CREDIT.

(C) (1) THE COMPTROLLER SHALL INCLUDE WITH THE INCOME TAX RETURN FORM A SEPARATE FORM THAT IS REQUIRED ONLY FOR INDIVIDUALS WHO WISH TO APPLY FOR THE HOMEOWNERS’ CREDIT.

(2) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE SEPARATE FORM SHALL REQUIRE THE TAXPAYER TO PROVIDE ALL THE INFORMATION NECESSARY FOR THE DEPARTMENT TO DETERMINE THE TAXPAYER’S ELIGIBILITY FOR THE HOMEOWNERS’ CREDIT.

(II) THE SEPARATE FORM MAY NOT REQUIRE THE TAXPAYER TO PROVIDE ANY INFORMATION THAT THE TAXPAYER IS REQUIRED TO PROVIDE ON THE INCOME TAX RETURN FORM, INCLUDING ANY SOURCES AND AMOUNTS OF INCOME THAT ARE REPORTED ON THE INCOME TAX RETURN FORM.

(3) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS

1 PARAGRAPH, THE COMPTROLLER SHALL REQUIRE A TAXPAYER TO SUBMIT WITH  
2 THE SEPARATE FORM ANY DOCUMENTATION THE DEPARTMENT REQUIRES TO  
3 VERIFY THE TAXPAYER'S INCOME FOR PURPOSES OF THE HOMEOWNERS' CREDIT.

4 (II) THE COMPTROLLER MAY NOT REQUIRE A TAXPAYER TO  
5 SUBMIT WITH THE SEPARATE FORM ANY DOCUMENT THAT THE TAXPAYER IS  
6 REQUIRED TO SUBMIT WITH THE INCOME TAX RETURN FORM, INCLUDING, IF  
7 SUBMITTED WITH THE INCOME TAX RETURN FORM, A COPY OF THE TAXPAYER'S  
8 FEDERAL INCOME TAX RETURN.

9 (D) NOTWITHSTANDING § 13-202 OF THIS ARTICLE, THE COMPTROLLER  
10 SHALL TRANSMIT TO THE DEPARTMENT:

11 (1) A COPY OF EACH FORM SUBMITTED BY A TAXPAYER UNDER  
12 SUBSECTION (C) OF THIS SECTION; AND

13 (2) FOR EACH TAXPAYER WHO SUBMITS A FORM UNDER SUBSECTION  
14 (C) OF THIS SECTION, ANY OTHER INFORMATION OR DOCUMENTATION IN THE  
15 COMPTROLLER'S POSSESSION THAT IS NOT INCLUDED ON OR WITH THE FORM  
16 SUBMITTED UNDER SUBSECTION (C) OF THIS SECTION BUT IS NECESSARY FOR THE  
17 DEPARTMENT TO DETERMINE THE TAXPAYER'S ELIGIBILITY FOR THE  
18 HOMEOWNERS' CREDIT.

19 (E) ON RECEIPT OF A FORM AND, IF APPLICABLE, OTHER INFORMATION OR  
20 DOCUMENTATION CONCERNING A TAXPAYER'S APPLICATION FOR THE  
21 HOMEOWNERS' CREDIT UNDER SUBSECTION (D) OF THIS SECTION, THE  
22 DEPARTMENT SHALL PROMPTLY:

23 (1) ENROLL THE TAXPAYER FOR THE HOMEOWNERS' CREDIT IF THE  
24 TAXPAYER IS ELIGIBLE;

25 (2) IF ADDITIONAL INFORMATION IS REQUIRED TO DETERMINE THE  
26 TAXPAYER'S ELIGIBILITY FOR THE HOMEOWNERS' CREDIT, CONTACT THE TAXPAYER  
27 TO REQUEST ADDITIONAL INFORMATION; OR

28 (3) IF THE TAXPAYER IS NOT ELIGIBLE FOR THE HOMEOWNERS'  
29 CREDIT, NOTIFY THE TAXPAYER THAT THE TAXPAYER IS NOT ELIGIBLE AND INFORM  
30 THE TAXPAYER OF THE GROUNDS FOR INELIGIBILITY.

31 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read  
32 as follows:

1 9–104.

2 (l) (2) (I) Except as provided in subsections (m) [and], (u), AND (V) of this  
3 section, on or before October 1 of the taxable year in which the property tax credit under  
4 this section is sought, a homeowner may apply to the Department for a property tax credit  
5 under this section.

6 (II) The application shall be made on the form that the Department  
7 provides.

8 (v) (1) IN THIS SUBSECTION, “QUALIFYING HOMEOWNER” MEANS:

9 (I) A HOMEOWNER WHOSE GROSS INCOME IS LESS THAN THE  
10 AMOUNT THAT REQUIRES THE HOMEOWNER TO FILE A MARYLAND RESIDENT  
11 INCOME TAX RETURN UNDER § 10–805(A) OF THE TAX – GENERAL ARTICLE; OR

12 (II) A HOMEOWNER WHO:

13 1. IS AT LEAST 65 YEARS OLD;

14 2. DOES NOT HAVE ANY OTHER INDIVIDUAL WHO  
15 RESIDES IN THE HOMEOWNER’S DWELLING OTHER THAN AN INDIVIDUAL WHO IS A  
16 DEPENDENT OF THE HOMEOWNER UNDER § 152 OF THE INTERNAL REVENUE CODE;  
17 AND

18 3. DOES NOT HAVE INCOME FROM ANY SOURCE OTHER  
19 THAN:

20 A. SOCIAL SECURITY BENEFITS; OR

21 B. A PENSION.

22 (2) A QUALIFYING HOMEOWNER WHO, FOR ANY TAXABLE YEAR  
23 BEGINNING ON OR AFTER JULY 1, 2023, APPLIES FOR AND IS GRANTED THE TAX  
24 CREDIT UNDER THIS SECTION SHALL RECEIVE THE TAX CREDIT UNDER THIS  
25 SECTION FOR ALL SUBSEQUENT TAXABLE YEARS WITHOUT BEING REQUIRED TO  
26 FILE AN APPLICATION FOR THE TAX CREDIT FOR ANY SUBSEQUENT TAXABLE YEAR,  
27 UNLESS THE DEPARTMENT DETERMINES THAT THE QUALIFYING HOMEOWNER IS NO  
28 LONGER ELIGIBLE FOR THE CREDIT.

29 (3) ON OR BEFORE FEBRUARY 15, 2024, AND FEBRUARY 15 EACH  
30 SUBSEQUENT YEAR, THE DEPARTMENT SHALL SEND A NOTICE TO EACH QUALIFYING  
31 HOMEOWNER INFORMING THE QUALIFYING HOMEOWNER THAT THE QUALIFYING  
32 HOMEOWNER IS REQUIRED TO PROMPTLY NOTIFY THE DEPARTMENT IF, IN THE

1 PREVIOUS YEAR:

2 (I) THE QUALIFYING HOMEOWNER'S INCOME HAS CHANGED  
3 FOR ANY REASON OTHER THAN A REGULAR COST-OF-LIVING ADJUSTMENT TO  
4 SOCIAL SECURITY BENEFITS OR A PENSION;

5 (II) THE INDIVIDUALS WHO RESIDE IN THE QUALIFYING  
6 HOMEOWNER'S DWELLING HAVE CHANGED; OR

7 (III) ANY OTHER CIRCUMSTANCE HAS CHANGED THAT WOULD  
8 AFFECT THE QUALIFYING HOMEOWNER'S ELIGIBILITY FOR THE CREDIT UNDER THIS  
9 SECTION.

10 (4) THE DEPARTMENT SHALL OBTAIN DATA FROM GOVERNMENT  
11 AGENCIES OR OTHER RELIABLE SOURCES THAT THE DEPARTMENT SHALL USE TO  
12 VERIFY WHETHER A QUALIFYING HOMEOWNER REMAINS ELIGIBLE FOR THE TAX  
13 CREDIT UNDER THIS SECTION.

14 (5) (I) IF THE DEPARTMENT RECEIVES INFORMATION FROM A  
15 QUALIFYING HOMEOWNER OR ANOTHER RELIABLE SOURCE THAT A QUALIFYING  
16 HOMEOWNER IS:

17 1. NO LONGER ELIGIBLE FOR THE TAX CREDIT UNDER  
18 THIS SECTION, THE DEPARTMENT SHALL PROMPTLY TERMINATE THE CREDIT; OR

19 2. ELIGIBLE FOR A DIFFERENT CREDIT AMOUNT THAN  
20 THE AMOUNT THE QUALIFYING HOMEOWNER CURRENTLY RECEIVES, THE  
21 DEPARTMENT SHALL PROMPTLY ADJUST THE AMOUNT OF CREDIT.

22 (II) THE DEPARTMENT SHALL PROMPTLY NOTIFY A  
23 HOMEOWNER OF A CREDIT TERMINATION OR CHANGE IN CREDIT AMOUNT UNDER  
24 THIS PARAGRAPH AND THE GROUNDS FOR THE TERMINATION OR CHANGE.

25 (6) (I) IF AN AUDIT UNDER SUBSECTION (E)(3) OF THIS SECTION  
26 DETERMINES THAT A QUALIFYING HOMEOWNER RECEIVED ANY AMOUNT OF CREDIT  
27 UNDER THIS SECTION FOR WHICH THE QUALIFYING HOMEOWNER WAS NOT  
28 ELIGIBLE, THE DEPARTMENT MAY PLACE A LIEN ON THE QUALIFYING  
29 HOMEOWNER'S DWELLING FOR THE AMOUNT OF THE CREDIT IMPROPERLY PAID BUT  
30 MAY NOT INITIATE ANY COLLECTION EFFORTS OR OTHERWISE ACT TO ENFORCE THE  
31 LIEN UNTIL OWNERSHIP OF THE DWELLING IS TRANSFERRED.

32 (II) THE DEPARTMENT MAY WAIVE THE OBLIGATION OF A  
33 QUALIFYING HOMEOWNER OR A QUALIFYING HOMEOWNER'S ESTATE TO REPAY TO

1 THE DEPARTMENT ANY AMOUNT OF CREDIT IMPROPERLY PAID TO THE QUALIFYING  
2 HOMEOWNER IF THE DEPARTMENT DETERMINES THAT:

3 1. THE QUALIFYING HOMEOWNER DID NOT WILLFULLY  
4 AND KNOWINGLY MISREPRESENT ANY MATERIAL FACT REGARDING THE  
5 QUALIFYING HOMEOWNER'S ELIGIBILITY FOR THE CREDIT; AND

6 2. REQUIRING REPAYMENT OF THE CREDIT WOULD  
7 IMPOSE AN UNDUE HARDSHIP ON A QUALIFYING HOMEOWNER OR A QUALIFYING  
8 HOMEOWNER'S HEIRS.

9 (7) IF AN AUDIT UNDER SUBSECTION (E)(3) OF THIS SECTION  
10 DETERMINES THAT A QUALIFYING HOMEOWNER RECEIVED A LESSER AMOUNT OF  
11 THE TAX CREDIT UNDER THIS SECTION THAN THE AMOUNT THE QUALIFYING  
12 HOMEOWNER WAS ELIGIBLE TO RECEIVE, THE DEPARTMENT SHALL PROMPTLY PAY  
13 THE QUALIFYING HOMEOWNER THE FULL AMOUNT OF THE DIFFERENCE.

14 SECTION 3. AND BE IT FURTHER ENACTED, That:

15 (a) On or before August 1, 2022, the State Department of Assessments and  
16 Taxation, in consultation with the Comptroller, shall contract with a usability consultant  
17 to develop recommendations concerning the design and language of:

18 (1) the notification required on the individual income tax return form  
19 under § 2-116(b) of the Tax – General Article as enacted by Section 1 of this Act;

20 (2) the separate form required to be included with the individual income  
21 tax return form under § 2-116(c) of the Tax – General Article as enacted by Section 1 of  
22 this Act; and

23 (3) the instructions for the individual income tax return form relating to  
24 the notification described in item (1) of this subsection and the form described in item (2)  
25 of this subsection.

26 (b) The usability consultant shall recommend a design and language for the  
27 notification, form, and instructions that is as clear and easy to understand as possible,  
28 especially for socioeconomically diverse communities.

29 (c) On or before December 1, 2022, the consultant shall submit the  
30 recommendations to the State Department of Assessments and Taxation and the  
31 Comptroller.

32 (d) On or before February 1, 2023, the State Department of Assessments and  
33 Taxation and the Comptroller shall jointly submit a report, in accordance with § 2-1257 of  
34 the State Government Article, to the Senate Budget and Taxation Committee and the  
35 House Committee on Ways and Means that includes:

1                   (1)     the recommendations submitted by the consultant under subsection (c)  
2 of this section; and

3                   (2)     the final design and language of the notification, form, and instructions  
4 that the Comptroller used to implement this Act.

5           SECTION 4. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall take  
6 effect January 1, 2023, and shall be applicable to individual income tax return forms filed  
7 for taxable years beginning after December 31, 2021.

8           SECTION 5. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take  
9 effect January 1, 2023.

10           SECTION 6. AND BE IT FURTHER ENACTED, That, except as provided in  
11 Sections 4 and 5 of this Act, this Act shall take effect June 1, 2022.