SENATE BILL 153

Q1 2lr0493

(PRE–FILED)

By: **Senator Beidle**

Requested: September 16, 2021
Introduced and read first time: January 12, 2022
Assigned to: Budget and Taxation

A BILL ENTITLED

AN ACT concerning

Property Tax – Homeowners' Property Tax Credit – Definition of Gross Income

FOR the purpose of altering eligibility for the homeowners' property tax credit by excluding from the definition of "gross income" certain medical and elder care expenses incurred by the homeowner; and generally relating to the homeowners' property tax credit.

BY repealing and reenacting, without amendments,
Article – Tax – Property
Section 9–104(a)(1) and (3), (f), (g), (h), and (j)(1)
Annotated Code of Maryland
(2019 Replacement Volume and 2021 Supplement)

BY repealing and reenacting, with amendments,
Article – Tax – Property
Section 9–104(a)(8)
Annotated Code of Maryland
(2019 Replacement Volume and 2021 Supplement)

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

Article – Tax – Property

9–104.

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

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

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

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

(8) (i) "Gross income" means the total income from all sources for the calendar year that immediately precedes the taxable year, whether or not the income is included in the definition of gross income for federal or State tax purposes**, LESS THE FOLLOWING DOCUMENTED EXPENSES INCURRED BY THE HOMEOWNER FOR:**

1. MEDICAL CARE;

2. CONTINUING CARE, AS DEFINED UNDER § 10–401 OF THE HUMAN SERVICES ARTICLE;

3. CARE PROVIDED BY AN ASSISTED LIVING PROGRAM, AS DEFINED UNDER § 19–1801 OF THE HEALTH – GENERAL ARTICLE; AND

4. CARE PROVIDED BY A NURSING HOME, AS DEFINED UNDER § 19–1401 OF THE HEALTH – GENERAL ARTICLE.

(ii) "Gross income" includes:

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

2. the aggregate of gifts over $300;

3. alimony;

4. support money;

5. any nontaxable strike benefit;

6. public assistance received in a cash grant;

7. a pension;

8. an annuity;

9. any unemployment insurance benefit;

10. any workers' compensation benefit;

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

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

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

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

(iii) "Gross income" does not include:

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

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

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

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

(2) The percentage is:

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

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

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

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

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

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

(2) the denominator is 365 days.

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

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2022, and shall be applicable to all taxable years beginning after June 30, 2022.