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

(2) (i) "Assets" include:

1. real property;

2. cash;

3. savings accounts;

4. stocks;

5. bonds; and

6. any other investment.

(ii) "Assets" do not include:

1. the dwelling for which a property tax credit is sought under this section;

2. the cash value of the life insurance policies on the life of the homeowner;

3. the cash value of any qualified retirement savings plans or individual retirement accounts; or

4. tangible personal property.

(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.

(4) "Current market value" means:

(i) for residential property, the value as determined by the Department; and

(ii) for farmland, marshland, and woodland, the value under Title 8, Subtitle 2 of this article as determined by the Department.

(5) "Disabled veteran" has the meaning stated in § 7–208(a) of this article.

(6) "Dwelling" means:

(i) for a homeowner who is not a home purchaser, a house that is:

1. used as the principal residence of a homeowner and the lot or curtilage on which the house is erected;

2. occupied by not more than 2 families; and

3. actually occupied or expected to be actually occupied by the homeowner for more than 6 months of a 12–month period, which actual or expected occupancy period shall include July 1 of the taxable year for which the property tax credit under this section is sought; or

(ii) for a homeowner who is a home purchaser, a house that is:

1. used as the principal residence of a homeowner and the lot or curtilage on which the house is erected;

2. occupied by not more than 2 families; and

3. actually occupied or expected to be actually occupied by the home purchaser for the remainder of the taxable year for which the property tax credit under this section is sought.

(7) "Final tax liability" means the tax liability for any property tax on the real property of a dwelling less any property tax credit provided under this section.

(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.

(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.

(9) (i) "Homeowner" means an individual who:

1. on July 1 of the taxable year for which the tax credit is to be allowed:

A. actually resides in a dwelling in which the individual has a legal interest; or

B. under a court order or separation agreement, permits a spouse, a former spouse, or a child of the individual's family to reside without payment of rent in a dwelling in which the individual has a legal interest; or

2. A. is a home purchaser; and

B. actually resides in a dwelling in which the individual has a legal interest, whether or not the individual resides in the dwelling on July 1 of the taxable year for which the tax credit is sought.

(ii) "Homeowner" includes a beneficiary of a trust described in 42 U.S.C. § 1396p(d)(4), or a trust established for the benefit of an individual with a disability by an individual other than the beneficiary and that is funded with assets that were never owned or controlled by the beneficiary, if, on July 1 of the taxable year for which the tax credit is to be allowed, the beneficiary of the trust is an individual who actually resides in the dwelling.

(10) "Home purchaser" means an individual who purchases a dwelling in the taxable year for which the tax credit under this section is sought.

(11) "Legal interest" includes an interest in a dwelling:

(i) as sole owner;

(ii) as a joint tenant;

(iii) as a tenant in common;

(iv) as a tenant by the entireties;

(v) through membership in a cooperative;

(vi) under a land installment contract, as defined in § 10–101 of the Real Property Article;

(vii) as a holder of a life estate;

(viii) under a continuing care contract for an independent living unit at a continuing care facility for the aged, which means a nontransferable agreement between a continuing care facility for the aged as defined in § 7–206 of this article and an occupant of an independent living unit, which agreement provides that the occupant may reside in the unit until termination under the terms of the contract; or

(ix) as a surviving family member who stands to inherit the dwelling of a deceased homeowner under the terms of:

1. the deceased homeowner's will or trust or a nonprobate instrument of writing; or

2. under the laws of intestate succession.

(12) "Net worth" means the sum of the current market value of all assets, less any outstanding liability.

(13) "Surviving family member" means an individual related to a deceased homeowner by blood, adoption, or marriage.

(14) (i) "Total real property tax" means the product of the sum of all property tax rates on real property, including special district tax rates, for the taxable year on a dwelling, multiplied by the lesser of:

1. $300,000; or

2. the assessed value of the dwelling reduced by the amount of any assessment on which a property tax credit is granted under § 9–105 of this subtitle.

(ii) "Total real property tax" does not include any adjustment for any other property tax credit under this title claimed against the property tax imposed on the dwelling.

(b) (1) The homeowners' tax credit under this section is a State–funded program.

(2) It is the intent of the General Assembly that:

(i) the State shall appropriate sufficient funds to reimburse the full amount of tax credits granted under this section; and

(ii) the State, and not the local governments, shall bear the burden of any insufficiency of funds to fully reimburse the counties for property tax credits under this section.

(3) For any fiscal year, if State appropriations for reimbursement of tax credits under this section do not provide sufficient funds to fully reimburse the counties for tax credits granted under this section, the Governor shall include in the budget bill for the next fiscal year a deficiency appropriation to provide the additional funds to fully reimburse the counties.

(c) The Department shall adopt regulations to carry out this section.

(d) (1) Except as provided in subsection (e) of this section, the Department is responsible for the administrative duties that relate to the application and determination of eligibility for a property tax credit under this section.

(2) The Department may:

(i) make an agreement with a county collector for limited assistance with a part of the administrative duties; and

(ii) reimburse the county for the reasonable cost of the assistance provided.

(3) When an applicant for the property tax credit under this section resides in an independent living unit at a continuing care facility for the aged, the Department shall determine for the independent living unit:

(i) the lot size;

(ii) the assessed value of land and building; and

(iii) the total real property tax.

(e) (1) On or before May 1 of each year, the Department shall provide the Comptroller information identifying owners of residential properties with an assessed value not exceeding $300,000 who, during the preceding 3 years, failed to claim the property tax credit under this section.

(2) The Comptroller shall:

(i) review the information provided in accordance with paragraph (1) of this subsection and information that the Comptroller maintains regarding filers of income tax returns;

(ii) identify the individuals who may be eligible for but failed to claim the property tax credit under this section, including individuals who failed to file an income tax return for any of the 3 most recent taxable years; and

(iii) provide the Department the contact information of the individuals identified under item (ii) of this paragraph.

(3) (i) For income verification, the Comptroller shall:

1. cooperate with the Department in adopting a procedure to audit the application forms; and

2. notwithstanding § 13–202 of the Tax – General Article, supply the Department with additional information.

(ii) The Comptroller shall assist the Department in a postaudit of each application.

(4) On or before August 1 of each year, the Department shall contact each individual identified under paragraph (2) of this subsection by mail to inform the individual that the individual may be eligible for the property tax credit under this section and how to apply for the credit.

(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.

(i) If a surviving spouse of a homeowner has not remarried and meets the qualifications except for age or disability, the property tax credit under this section is available to the unmarried surviving spouse.

(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.

(2) If a property tax credit under this section is less than $1 in any taxable year, the credit may not be granted.

(3) A homeowner may claim a property tax credit under this section for only 1 dwelling.

(4) Except as provided in subsection (u) of this section, if a property tax credit is issued under this section, the credit or a voucher for a credit may be used only in the taxable year in which it was issued or the next succeeding taxable year. However, a homeowner whose dwelling is sold for taxes may receive the credit until the final decree under § 14–844 of this article is entered.

(k) A homeowner may qualify for a property tax credit under this section if the homeowner does not actually reside in the dwelling for the required time period because of illness or need of special care even if the homeowner:

(1) rents the dwelling for less than 1 year; or

(2) rents the dwelling for more than 1 year to a member of the homeowner's immediate family.

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

(2) (i) Except as provided in subsections (m), (u), and (v) of this section, on or before October 1 of the taxable year in which the property tax credit under this section is sought, a homeowner may apply to the Department for a property tax credit under this section.

(ii) The application shall be made on the form that the Department provides.

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

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

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

(5) (i) Except as provided in subparagraph (ii) of this paragraph, to substantiate the application, the applicant may be required to provide a copy of an income tax return, or other evidence detailing gross income or net worth.

(ii) An applicant who is required to substantiate an application under subparagraph (i) of this paragraph may, under penalties of perjury, attest to gross income in lieu of providing an income tax return if the applicant was not required to and did not file an income tax return.

(m) (1) A home purchaser may apply to the Department for a property tax credit under this section after the execution of a contract of sale on the dwelling or settlement on the dwelling by filing an application on the form that the Department provides.

(2) The home purchaser shall state under oath that the facts in the application are true.

(3) (i) Except as provided in subparagraph (ii) of this paragraph, to substantiate the application, the Department may require the applicant to provide a copy of an income tax return, or other evidence detailing gross income or net worth.

(ii) An applicant who is required to substantiate an application under subparagraph (i) of this paragraph may, under penalties of perjury, attest to gross income in lieu of providing an income tax return if the applicant was not required to and did not file an income tax return.

(4) If the home purchaser files an application for a credit under this section prior to settlement, the purchaser must file this application within 7 working days after the execution of a contract of sale.

(5) Upon receipt of an application prior to settlement, the Department:

(i) may further require the applicant to provide a copy of the executed sale agreement;

(ii) shall determine the amount, if any, of the credit for which the home purchaser is eligible under this section; and

(iii) shall notify the home purchaser in writing of its decision within 5 working days from receipt of the application.

(6) The Department shall adopt regulations governing the application for and granting of a credit before settlement as provided under this section.

(7) On certification by the Department, the Comptroller shall pay to the home purchaser the property tax credit due under this section unless the credit was used to adjust the home purchaser's final tax liability paid at settlement under subsection (r) of this section.

(n) The Department shall notify an applicant in writing if the applicant is not eligible for the property tax credit under this section.

(o) (1) For any eligible application received before the April 15 that precedes the taxable year in which the property tax credit under this section is sought, the Department shall request the appropriate county collector to prepare a tax bill that reflects the final tax liability.

(2) If a homeowner presents the revised tax bill or a tax voucher with the tax bill to the county collector, the homeowner may make a single payment for the final tax liability.

(3) Except as provided in subsection (u) of this section, if a credit is granted for an eligible application received after April 15, property tax is not due on the property until 30 days after the revised tax bill is sent to the homeowner.

(4) If a municipal corporation or a special taxing district issues a tax bill separate from the county tax bill, the county may require the homeowner to submit:

(i) the separate tax bill; or

(ii) proof of payment of the separate tax bill.

(p) If a municipal corporation or a special taxing district issues a tax bill to a homeowner, the Department shall include the property tax rate of the municipal corporation or the special taxing district in calculating the property tax credit under this section and final tax liability.

(q) (1) Except for transfers between spouses, including a conveyance to a surviving spouse from the personal representative of a deceased spouse, if a homeowner transfers a dwelling that is subject to a property tax credit under this section, the property tax credit ends on the date that the property is transferred. The credit is not ended if the transfer is between spouses.

(2) The total amount of the property tax credit under this section is included in determining the amount of property tax that is:

(i) paid by the homeowner; and

(ii) adjusted at the time of settlement between the homeowner and the buyer.

(3) The homeowner is credited for the part of the property tax credit under this section that the homeowner's period of ownership during the taxable year in which the transfer occurs bears to the entire taxable year. The buyer shall pay the remaining part of the property tax credit under this section to the county.

(4) Any property tax credit under this section that is collected by a county from a buyer under this subsection shall be credited to the State less any cost incurred by any county or a municipal corporation.

(r) The final tax liability of a home purchaser due at settlement shall be adjusted to reflect any credit certified by the Department.

(s) (1) Each month or more frequently, if appropriate, each county collector shall submit a request to the Department for reimbursement for an amount equal to the property tax credits under this section and redeemed property tax credit vouchers paid under this section.

(2) The request may not include the property tax credits for which the county or municipal corporation is responsible under § 9–101(g) of this subtitle.

(3) Within 5 working days after receipt of the request the Department shall certify to the Comptroller the amount of reimbursement due to each county.

(4) Within 5 working days:

(i) the Comptroller shall make the reimbursement to each county; or

(ii) the appropriate county collector may withhold an amount of State taxes sufficient to reimburse the county.

(t) (1) An eligible homeowner who has a continuing care contract for an independent living unit at a continuing care facility for the aged shall receive payment for the amount of the property tax credit under this section from the Comptroller upon certification by the Department. A credit granted to the homeowner under this subsection may not be assigned to the continuing care facility.

(2) (i) Notwithstanding the provisions of subsection (g) of this section, if a homeowner under this subsection is a disabled veteran, the homeowner may receive a credit for the total real property tax attributable to the independent living unit, up to the maximum credit authorized under this section.

(ii) A disabled veteran may apply for the credit under this subsection by providing the Department with the information required under subsection (l) of this section and § 7–208(d) of this article.

(3) The surviving spouse of a disabled veteran may, upon application, continue to receive the credit provided under this subsection until the surviving spouse remarries.

(u) (1) Under the conditions set forth in this subsection, the Department may accept an application from a homeowner within:

(i) 1 year after April 15 of the taxable year for which the property tax credit under this section is sought, if the homeowner:

1. is applying for the first time; or

2. has filed an application on or before October 1 in each of the 3 taxable years immediately preceding the taxable year for which the credit is sought; or

(ii) 3 years after April 15 of the taxable year for which a credit is sought, if the homeowner is:

1. A. at least 70 years old as of the taxable year for which a credit is sought; or

B. enrolled in the Homeowner Protection Program established under Title 14, Subtitle 8, Part VII of this article; and

2. was eligible for the credit under this section for the taxable year for which the credit is sought.

(2) A homeowner may apply to the Department for a property tax credit under this section by filing an application on the form that the Department provides.

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

(4) (i) Except as provided in subparagraph (ii) of this paragraph, to substantiate the application, the Department may require the homeowner to provide a copy of an income tax return, or other evidence detailing gross income or net worth.

(ii) A homeowner who is required to substantiate an application under subparagraph (i) of this paragraph may, under penalties of perjury, attest to gross income in lieu of providing an income tax return if the homeowner was not required to and did not file an income tax return.

(5) On certification by the Department, the Comptroller shall pay to the homeowner the property tax credit due under this section.

(v) (1) In this subsection, "qualified homeowner" means a homeowner whose gross income includes income only from the following sources:

(i) any benefit under the Social Security Act;

(ii) a pension; or

(iii) an annuity.

(2) (i) Subject to subparagraph (ii) of this paragraph, to be eligible for the property tax credit under this section, a qualified homeowner is required to submit the application under subsection (l) of this section only in:

1. the first year the qualified homeowner applies for the credit; and

2. every third year thereafter.

(ii) For any year in which the application under subsection (l) of this section is not required, to be eligible for the property tax credit under this section, a qualified homeowner shall submit to the Department either:

1. a certification that:

A. the homeowner resided in the dwelling for at least 6 months in the preceding calendar year;

B. the homeowner continued to have income only from Social Security, a pension, or an annuity in the preceding calendar year; and

C. the individuals living in the homeowner's household did not change in the preceding calendar year; or

2. the application under subsection (l) of this section.

(iii) A qualified homeowner who submits a certification under subparagraph (ii)1 of this paragraph may not be required to submit any proof of income in addition to the certification.

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