

SENATE BILL 961

Q2

4r2996
CF HB 920

By: **Senator Ferguson**

Introduced and read first time: February 7, 2014

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Baltimore City Residential Retention Act**

3 FOR the purpose of allowing a homeowner who has received the homestead property
4 tax credit for a dwelling in Baltimore City to receive a homestead credit for a
5 newly purchased dwelling in Baltimore City under certain circumstances;
6 requiring that the credit for a newly purchased dwelling be calculated in a
7 certain manner; providing that a homeowner may receive the larger of the
8 homestead property tax credit amounts as calculated using certain methods;
9 providing for the application and termination of this Act; and generally relating
10 to the homestead property tax credit.

11 BY repealing and reenacting, without amendments,
12 Article – Tax – Property
13 Section 9–105(a)(1), (5), (7), and (9), (b), (d)(3), and (e)(1) and (2)
14 Annotated Code of Maryland
15 (2012 Replacement Volume and 2013 Supplement)

16 BY repealing and reenacting, with amendments,
17 Article – Tax – Property
18 Section 9–105(d)(1)
19 Annotated Code of Maryland
20 (2012 Replacement Volume and 2013 Supplement)

21 BY adding to
22 Article – Tax – Property
23 Section 9–105(d)(7)
24 Annotated Code of Maryland
25 (2012 Replacement Volume and 2013 Supplement)

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Article – Tax – Property

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9–105.

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

(5) (i) “Dwelling” means:

1. a house that is:

A. used as the principal residence of the homeowner; and

B. actually occupied or expected to be actually occupied by the homeowner for more than 6 months of a 12-month period beginning with the date of finality for the taxable year for which the property tax credit under this section is sought; and

2. the lot or curtilage on which the house is erected.

(ii) “Dwelling” includes:

1. a condominium unit that is occupied by an individual who has a legal interest in the condominium;

2. an apartment in a cooperative apartment corporation that is occupied by an individual who has a legal interest in the apartment; and

3. a part of real property used other than primarily for residential purposes, if the real property is used as a principal residence by an individual who has a legal interest in the real property.

(7) “Homeowner” means an individual who has a legal interest in a dwelling or who is an active member of an agricultural ownership entity that has a legal interest in a dwelling.

(9) “Taxable assessment” means the assessment on which the property tax rate was imposed in the preceding taxable year, adjusted by the phased-in assessment increase resulting from a revaluation under § 8–104(c)(1)(iii) of this article, less the amount of any assessment on which a property tax credit under this section is authorized.

(b) (1) If there is an increase in property assessment as calculated under this section, the State and the governing body of each county and of each municipal corporation shall grant a property tax credit under this section against the State, county, and municipal corporation property tax imposed on real property by the State, county, or municipal corporation.

1 (2) A property tax credit granted under this section shall be applicable
2 to any State, county, or municipal corporation property tax and any property tax
3 imposed for a bicounty commission.

4 (d) (1) Subject to the provisions of paragraph (6) of this subsection **AND**
5 **EXCEPT AS OTHERWISE PROVIDED IN PARAGRAPH (7) OF THIS SUBSECTION**, the
6 Department shall authorize and the State, a county, or a municipal corporation shall
7 grant a property tax credit under this section for a taxable year unless during the
8 previous taxable year:

9 (i) the dwelling was transferred for consideration to new
10 ownership;

11 (ii) the value of the dwelling was increased due to a change in
12 the zoning classification of the dwelling initiated or requested by the homeowner or
13 anyone having an interest in the property;

14 (iii) the use of the dwelling was changed substantially; or

15 (iv) the assessment of the dwelling was clearly erroneous due to
16 an error in calculation or measurement of improvements on the real property.

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

19 **(7) (I) A HOMEOWNER WHO HAS RECEIVED A CREDIT AS**
20 **CALCULATED UNDER SUBSECTION (E) OF THIS SECTION FOR THE PRECEDING 5**
21 **YEARS FOR A DWELLING LOCATED IN BALTIMORE CITY MAY RECEIVE A CREDIT**
22 **AS CALCULATED UNDER THIS PARAGRAPH FOR A NEWLY PURCHASED DWELLING**
23 **LOCATED IN BALTIMORE CITY.**

24 **(II) 1. IN THIS SUBPARAGRAPH, “HOMESTEAD CREDIT**
25 **CARRYOVER AMOUNT” MEANS THE DIFFERENCE BETWEEN THE PRIOR YEAR’S**
26 **TAXABLE ASSESSMENT FOR THE HOMEOWNER’S PREVIOUS DWELLING AND THE**
27 **ASSESSMENT THAT WOULD HAVE APPLIED TO THE PREVIOUS DWELLING ABSENT**
28 **THE CREDIT CALCULATED UNDER SUBSECTION (E) OF THIS SECTION.**

29 **2. THE PROPERTY TAX CREDIT UNDER THIS**
30 **PARAGRAPH IS CALCULATED BY MULTIPLYING THE HOMESTEAD CREDIT**
31 **CARRYOVER AMOUNT BY THE APPLICABLE PROPERTY TAX RATE FOR THE**
32 **CURRENT YEAR FOR THE HOMEOWNER’S NEWLY PURCHASED DWELLING.**

33 **3. THE HOMESTEAD CREDIT CARRYOVER AMOUNT**
34 **USED TO CALCULATE THE CREDIT SHALL BE REDUCED BY 10% EACH YEAR**

1 BEGINNING IN THE SECOND YEAR A HOMEOWNER RECEIVES THE CREDIT AS
2 CALCULATED UNDER THIS PARAGRAPH.

3 (III) A HOMEOWNER MAY RECEIVE THE GREATER OF EITHER
4 THE CREDIT CALCULATED UNDER THIS PARAGRAPH OR THE CREDIT
5 CALCULATED UNDER SUBSECTION (E) OF THIS SECTION.

6 (e) (1) For each taxable year, the property tax credit under this section is
7 calculated by:

8 (i) multiplying the prior year's taxable assessment by the
9 homestead credit percentage as provided under paragraph (2) of this subsection;

10 (ii) subtracting that amount from the current year's assessment;
11 and

12 (iii) if the difference is a positive number, multiplying the
13 difference by the applicable property tax rate for the current year.

14 (2) For each taxable year, the homestead credit percentage under
15 paragraph (1)(i) of this subsection is:

16 (i) for the State property tax and for any property tax imposed
17 for a bicounty commission, 110%;

18 (ii) for the county property tax:

19 1. the homestead credit percentage established by the
20 county under paragraph (3) of this subsection; or

21 2. if the county has not set a percentage for the taxable
22 year under paragraph (3) of this subsection or has not notified the Department as
23 required under paragraph (6) of this subsection, the homestead credit percentage in
24 effect for the county for the preceding taxable year; and

25 (iii) for the municipal corporation property tax:

26 1. the homestead credit percentage established by the
27 municipal corporation under paragraph (4) of this subsection; or

28 2. if the municipal corporation has not set a percentage
29 under paragraph (4) of this subsection or has not notified the Department as required
30 under paragraph (7) of this subsection, the homestead credit percentage for the
31 taxable year for the county in which the property is located.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 June 1, 2014, and shall be applicable to all taxable years beginning after June 30,
3 2014, but before July 1, 2024. This Act shall remain effective for a period of 10 years
4 and 1 month and, at the end of June 30, 2024, with no further action required by the
5 General Assembly, this Act shall be abrogated and of no further force and effect.