

Chapter 239

(House Bill 351)

AN ACT concerning

Property Tax – Homestead Property Tax Credit Percentage and Constant Yield Tax Rate – Deadlines

FOR the purpose of authorizing the Department of Assessments and Taxation to amend a constant yield tax rate when a county or municipal corporation alters the homestead tax credit percentage; altering the deadline by which the Mayor and City Council of Baltimore City and the governing body of a county or municipal corporation must set or alter the homestead property tax percentage in a taxable year and notify the Department of Assessments and Taxation; requiring a notice of assessment to include a certain statement; providing for the application of this Act; and generally relating to the homestead property tax credit and the constant yield tax rate.

BY repealing and reenacting, with amendments,
 Article – Tax – Property
 Section 2–205(c) and 9–105(e)
 Annotated Code of Maryland
 (2012 Replacement Volume and 2016 Supplement)

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

Article – Tax – Property2–205.

(c) (1) The Department shall notify each taxing authority of the constant yield tax rate that will provide the same property tax revenue that is provided by the real property tax rate that is in effect for the current taxable year.

(2) In calculating a constant yield tax rate for a taxable year, the Department shall use an estimate of the total assessment of all real property for the next taxable year exclusive of real property that appears for the 1st time on the assessment records.

(3) (I) [On or before May 15 of each year, the] THE Department may amend a constant yield tax rate [but] only[:.] AS PROVIDED IN THIS PARAGRAPH.

(II) ON OR BEFORE APRIL 15 EACH YEAR, THE DEPARTMENT MAY AMEND A CONSTANT YIELD TAX RATE WHEN A COUNTY OR MUNICIPAL

CORPORATION ALTERS THE HOMESTEAD TAX CREDIT PERCENTAGE UNDER § 9-105 OF THIS ARTICLE.

[(i)] (iii) ON OR BEFORE MAY 15 EACH YEAR, THE DEPARTMENT MAY AMEND A CONSTANT YIELD TAX RATE:

1. when directed to make a change by an enactment of the General Assembly;

[(ii)] 2. to correct an error in the calculation of the constant yield tax rate; or

[(iii)] 3. to reflect a significant loss of taxable base, as determined by the Director.

9-105.

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

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

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

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

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

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

(ii) for the county property tax:

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

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

(iii) for the municipal corporation property tax:

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

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

(3) Subject to paragraph (5) of this subsection, the Mayor and City Council of Baltimore City and the governing body of a county on or before **[November 15] MARCH 15** of any year shall set, by law, the homestead credit percentage for the taxable year beginning the following July 1.

(4) Subject to paragraph (5) of this subsection, on or before **[November 25] MARCH 25** of any year, the governing body of a municipal corporation may set or alter, by law, a homestead credit percentage for the taxable year beginning the following July 1 and any subsequent taxable year.

(5) The homestead credit percentage for any county or municipal corporation property tax:

(i) may not be less than 100% or exceed 110% for any taxable year; and

(ii) shall be expressed in increments of 1 percentage point.

(6) The Mayor and City Council of Baltimore City and the governing body of a county shall notify the Department of any action taken under paragraph (3) of this subsection on or before **[November 15] MARCH 15** preceding the taxable year for which the action is taken.

(7) A municipal corporation shall notify the Department of any action taken under paragraph (4) of this subsection on or before **[November 25] MARCH 25** preceding the taxable year for which the action is taken.

SECTION 2. AND BE IT FURTHER ENACTED, That a notice of assessment issued under § 8-401 of the Tax – Property Article shall include a statement that:

(1) the taxable assessment is based on the homestead tax credit percentage currently in effect;

(2) if a county or municipal corporation changes the homestead tax credit percentage by the following March, the taxable assessment will change; and

(3) the final taxable assessment shall be stated in the next property tax bill.

SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2017, and shall be applicable to all taxable years beginning after June 30, 2018.

Approved by the Governor, April 18, 2017.