

HOUSE BILL 387

Q1

11r0879

(PRE-FILED)

By: **Delegate Stein**

Requested: October 8, 2020

Introduced and read first time: January 13, 2021

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Homeowners' Property Tax Credit – Eligibility – Hardship Exception**

3 FOR the purpose of authorizing a certain hardship exception, under certain circumstances,
4 to a prohibition against granting the homeowners' property tax credit to a
5 homeowner whose gross income exceeds a certain amount; requiring a homeowner,
6 in order to qualify for the hardship exception, to include certain information in the
7 homeowner's application for the tax credit; authorizing a homeowner who is denied
8 a hardship exception to appeal the denial under certain circumstances and in
9 accordance with certain policies and procedures; defining a certain term; providing
10 for the application of this Act; and generally relating to eligibility for the
11 homeowners' property tax credit.

12 BY repealing and reenacting, without amendments,
13 Article – Tax – Property
14 Section 9–104(a)(1), 14–509(c), and 14–512(e)
15 Annotated Code of Maryland
16 (2019 Replacement Volume and 2020 Supplement)

17 BY adding to
18 Article – Tax – Property
19 Section 9–104(a)(9)
20 Annotated Code of Maryland
21 (2019 Replacement Volume and 2020 Supplement)

22 BY repealing and reenacting, with amendments,
23 Article – Tax – Property
24 Section 9–104(a)(9) through (13) and (j)(1)
25 Annotated Code of Maryland
26 (2019 Replacement Volume and 2020 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 **Article – Tax – Property**

4 9–104.

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

6 **(9) “HARDSHIP” MEANS:**

7 **(I) AN ILLNESS OR ACCIDENT-RELATED INJURY OF A**
8 **HOMEOWNER OR A MEMBER OF THE HOMEOWNER’S IMMEDIATE FAMILY; OR**

9 **(II) A PROPERTY CASUALTY EVENT AT A HOMEOWNER’S**
10 **DWELLING.**

11 **[(9)] (10)** (i) “Homeowner” means an individual who:

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

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

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

19 2. A. is a home purchaser; and

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

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

29 **[(10)] (11)** “Home purchaser” means an individual who purchases a
30 dwelling in the taxable year for which the tax credit under this section is sought.

31 **[(11)] (12)** “Legal interest” includes an interest in a dwelling:

- 1 (i) as sole owner;
- 2 (ii) as a joint tenant;
- 3 (iii) as a tenant in common;
- 4 (iv) as a tenant by the entireties;
- 5 (v) through membership in a cooperative;
- 6 (vi) under a land installment contract, as defined in § 10–101 of the
7 Real Property Article;
- 8 (vii) as a holder of a life estate; or
- 9 (viii) under a continuing care contract for an independent living unit
10 at a continuing care facility for the aged, which means a nontransferable agreement
11 between a continuing care facility for the aged as defined in § 7–206 of this article and an
12 occupant of an independent living unit, which agreement provides that the occupant may
13 reside in the unit until termination under the terms of the contract.

14 [(12)] (13) “Net worth” means the sum of the current market value of all
15 assets, less any outstanding liability.

16 [(13)] (14) “Total real property tax” means the product of the sum of all
17 property tax rates on real property, including special district tax rates, for the taxable year
18 on a dwelling, multiplied by the lesser of:

- 19 (i) \$300,000; or
- 20 (ii) the assessed value of the dwelling reduced by the amount of any
21 assessment on which a property tax credit is granted under § 9–105 of this subtitle.

22 (j) (1) (I) [A] EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS
23 PARAGRAPH, A property tax credit under this section may not be granted to a homeowner
24 whose combined net worth exceeds \$200,000 as of December 31 of the calendar year that
25 precedes the year in which the homeowner applies for the property tax credit or whose
26 combined gross income exceeds \$60,000 in that same calendar year.

27 (II) 1. THE PROHIBITION UNDER SUBPARAGRAPH (I) OF
28 THIS PARAGRAPH DOES NOT APPLY TO A HOMEOWNER WHOSE COMBINED GROSS
29 INCOME EXCEEDS \$60,000 IF, ON APPLICATION BY THE HOMEOWNER FOR THE
30 PROPERTY TAX CREDIT UNDER THIS SECTION, THE HOMEOWNER DEMONSTRATES
31 AND THE DEPARTMENT DETERMINES THAT:

1 **A. THE HOMEOWNER SUFFERED A HARDSHIP IN THE**
2 **CALENDAR YEAR THAT PRECEDES THE YEAR IN WHICH THE HOMEOWNER APPLIES**
3 **FOR THE CREDIT; AND**

4 **B. THE HOMEOWNER PAID OR INCURRED EXPENSES**
5 **RELATING TO THE HARDSHIP THAT RESULTED IN SIGNIFICANT FINANCIAL DISTRESS**
6 **FOR THE HOMEOWNER.**

7 **2. THE HOMEOWNER SHALL INCLUDE IN THE**
8 **APPLICATION, IN THE FORM REQUIRED BY THE DEPARTMENT, AN ITEMIZED LIST OF**
9 **ALL SOURCES OF INCOME AND EXPENSES OF THE HOMEOWNER, INCLUDING**
10 **EXPENSES RELATED TO THE HARDSHIP.**

11 **3. IF THE DEPARTMENT DENIES A HOMEOWNER'S**
12 **REQUEST FOR A HARDSHIP EXCEPTION UNDER THIS SUBPARAGRAPH AND, AS A**
13 **RESULT, THE HOMEOWNER IS NOT ELIGIBLE FOR THE PROPERTY TAX CREDIT**
14 **UNDER THIS SECTION, THE HOMEOWNER MAY APPEAL THE DENIAL IN ACCORDANCE**
15 **WITH THE POLICIES AND PROCEDURES UNDER §§ 14-509(C) AND 14-512(E) OF THIS**
16 **ARTICLE.**

17 14-509.

18 (c) On or before 30 days from the date of the final determination, any taxpayer
19 may appeal a final determination of a property tax credit or relief under §§ 9-101, 9-102,
20 and 9-104 of this article, to the property tax assessment appeal board where the property
21 is located.

22 14-512.

23 (e) On or before 30 days from the date of the determination, any taxpayer, the
24 State, a county, or a municipal corporation may appeal a determination of a property tax
25 credit or relief under § 14-509(c) of this subtitle by a property tax assessment appeal board
26 to the Maryland Tax Court.

27 **SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June**
28 **1, 2021, and shall be applicable to all taxable years beginning after June 30, 2021.**