

HOUSE BILL 677

Q1

2lr0891

By: **Delegates Hartman, Anderton, Arentz, Arikan, Beitzel, Boteler, Buckel, Chisholm, Cox, Griffith, Hornberger, Jacobs, Kittleman, Krebs, Mangione, Mautz, McComas, McKay, Novotny, Otto, Parrott, Reilly, Rose, Saab, Shoemaker, Thiam, and Wivell**

Introduced and read first time: January 31, 2022

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Homestead Property Tax Credit – Portability of Value to New Dwelling**

3 FOR the purpose of establishing the taxable assessment of a new dwelling if a homeowner
4 who previously received the homestead property tax credit purchases a new dwelling
5 within a certain number of years; and generally relating to the homestead property
6 tax credit.

7 BY renumbering

8 Article – Tax – Property

9 Section 9–105(f) through (n), respectively

10 to be Section 9–105(g) through (o), respectively

11 Annotated Code of Maryland

12 (2019 Replacement Volume and 2021 Supplement)

13 BY repealing and reenacting, without amendments,

14 Article – Tax – Property

15 Section 9–105(a)(1), (5), and (7) through (9), (b), and (e)(2)

16 Annotated Code of Maryland

17 (2019 Replacement Volume and 2021 Supplement)

18 BY repealing and reenacting, with amendments,

19 Article – Tax – Property

20 Section 9–105(d)(1) and (e)(1)

21 Annotated Code of Maryland

22 (2019 Replacement Volume and 2021 Supplement)

23 BY adding to

24 Article – Tax – Property

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Section 9–105(f)
2 Annotated Code of Maryland
3 (2019 Replacement Volume and 2021 Supplement)

4 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
5 That Section(s) 9–105(f) through (n), respectively, of Article – Tax – Property of the
6 Annotated Code of Maryland be renumbered to be Section(s) 9–105(g) through (o),
7 respectively.

8 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
9 as follows:

10 **Article – Tax – Property**

11 9–105.

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

13 (5) (i) “Dwelling” means:

14 1. a house that is:

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

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

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

21 (ii) “Dwelling” includes:

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

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

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

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

- 1 (8) “Legal interest” means an interest in a dwelling:
- 2 (i) as a sole owner;
- 3 (ii) as a joint tenant;
- 4 (iii) as a tenant in common;
- 5 (iv) as a tenant by the entirety;
- 6 (v) through membership in a cooperative;
- 7 (vi) under a land installment contract, as defined in § 10–101 of the
8 Real Property Article;
- 9 (vii) as a holder of a life estate; or
- 10 (viii) as a settlor, grantor, or beneficiary of a trust if:

- 11 1. the settlor, grantor, or beneficiary of the trust does not pay
12 rent or other remuneration to reside in the dwelling; and
- 13 2. legal title to the dwelling is held in the name of the trust
14 or in the names of the trustees for the trust.

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

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

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

27 (d) (1) Subject to the provisions of paragraph (6) of this subsection **AND**
28 **SUBSECTION (F) OF THIS SECTION**, the Department shall authorize and the State, a
29 county, or a municipal corporation shall grant a property tax credit under this section for a
30 taxable year unless during the previous taxable year:

- 31 (i) the dwelling was transferred for consideration to new ownership;

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

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

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

7 (e) (1) For each taxable year, **EXCEPT AS PROVIDED IN SUBSECTION (F) OF**
8 **THIS SECTION**, the property tax credit under this section is calculated by:

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

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

12 (iii) if the difference is a positive number, multiplying the difference
13 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 for a
17 bicounty commission, 110%;

18 (ii) for the county property tax:

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

21 2. if the county has not set a percentage for the taxable year
22 under paragraph (3) of this subsection or has not notified the Department as required under
23 paragraph (6) of this subsection, the homestead credit percentage in effect for the county
24 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 under
30 paragraph (7) of this subsection, the homestead credit percentage for the taxable year for
31 the county in which the property is located.

32 **(F) (1) IN THIS SUBSECTION, "TAXABLE ASSESSMENT PORTABILITY**

1 ADJUSTMENT” MEANS THE LESSER OF:

2 (I) THE DIFFERENCE BETWEEN THE MOST RECENT TAXABLE
3 ASSESSMENT OF THE ORIGINAL DWELLING BEFORE THE TRANSFER OF THE
4 ORIGINAL DWELLING TO A NEW HOMEOWNER AND THE ASSESSMENT THAT WOULD
5 HAVE APPLIED TO THE ORIGINAL DWELLING ABSENT THE CREDIT UNDER THIS
6 SECTION; OR

7 (II) \$25,000.

8 (2) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, IF A
9 HOMEOWNER TRANSFERS A DWELLING THAT IS SUBJECT TO A PROPERTY TAX
10 CREDIT UNDER THIS SECTION AND PURCHASES A NEW DWELLING WITHIN 3 YEARS
11 OF THE TRANSFER, THE TAXABLE ASSESSMENT FOR THE FIRST TAXABLE YEAR OF
12 THE NEW DWELLING IS THE ASSESSED VALUE OF THE NEW DWELLING MINUS THE
13 TAXABLE ASSESSMENT PORTABILITY ADJUSTMENT.

14 (II) IF THE ORIGINAL DWELLING HAD MORE THAN ONE OWNER,
15 THE TAXABLE ASSESSMENT FOR THE FIRST TAXABLE YEAR OF EACH NEW DWELLING
16 IS THE ASSESSED VALUE OF THE NEW DWELLING MINUS:

17 1. THE PROPORTIONATE SHARE OF THE TAXABLE
18 ASSESSMENT PORTABILITY ADJUSTMENT BASED ON THE NUMBER OF CO-OWNERS
19 OF THE ORIGINAL DWELLING; OR

20 2. THE PROPORTIONATE SHARE OF THE TAXABLE
21 ASSESSMENT PORTABILITY ADJUSTMENT ESTABLISHED IN A LEGAL AGREEMENT ON
22 DISSOLUTION OF THE CO-OWNERSHIP.

23 (3) FOR EACH SUCCEEDING TAXABLE YEAR, THE PROPERTY TAX
24 CREDIT FOR THE NEW DWELLING IS CALCULATED AS PROVIDED IN SUBSECTION (E)
25 OF THIS SECTION.

26 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect June
27 1, 2022, and shall be applicable to all taxable years beginning after June 30, 2022.