

SENATE BILL 32

Q1

3lr0880

(PRE-FILED)

By: **Senator Brooks**

Requested: November 18, 2022

Introduced and read first time: January 11, 2023

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Property Tax – Exemption for Dwellings of Disabled Veterans – Application**

3 FOR the purpose of altering the application requirements for a certain property tax
4 exemption for a dwelling house owned by a disabled veteran or surviving spouse of a
5 disabled veteran; and generally relating to a property tax exemption for a dwelling
6 house owned by a disabled veteran or surviving spouse of a disabled veteran.

7 BY repealing and reenacting, with amendments,

8 Article – Tax – Property

9 Section 7–208

10 Annotated Code of Maryland

11 (2019 Replacement Volume and 2022 Supplement)

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

14 **Article – Tax – Property**

15 7–208.

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

17 (2) “Disabled active duty service member” means an individual in active
18 service of the military, naval, or air service as defined in 38 U.S.C. § 101 who has a service
19 connected physical disability that:

20 (i) is reasonably certain to continue for the life of the service
21 member; and

22 (ii) was not caused or incurred by misconduct of the service member.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(3) (i) “Disabled veteran” means an individual who:

1. is honorably discharged or released under honorable circumstances from active military, naval, or air service as defined in 38 U.S.C. § 101; and

2. has been declared by the [Veterans’ Administration] **U.S. DEPARTMENT OF VETERANS AFFAIRS** to have a permanent 100% service connected disability that results from blindness or other disabling cause that:

A. is reasonably certain to continue for the life of the veteran; and

B. was not caused or incurred by misconduct of the veteran.

(ii) “Disabled veteran” includes an individual who qualifies posthumously for a 100% service connected disability.

(4) “Dwelling house”:

(i) means real property that is:

1. the legal residence of a disabled active duty service member, disabled veteran, or surviving spouse; and

2. occupied by not more than 2 families; and

(ii) includes the lot or curtilage and structures necessary to use the real property as a residence.

(5) “Individual who died in the line of duty” means an individual who died while in the active military, naval, or air service of the United States as a result of an injury or disease that is deemed under 38 U.S.C. § 105 to have been incurred in the line of duty.

(6) “Surviving spouse” means an individual who has not remarried and who:

(i) is the surviving spouse of a disabled veteran;

(ii) is the surviving spouse of an individual who died in the line of duty; or

(iii) receives Dependency and Indemnity Compensation from the United States Department of Veterans Affairs.

(b) Except as provided in subsection (e) of this section, a dwelling house is exempt from property tax if:

(1) the dwelling house is owned by:

(i) a disabled active duty service member;

(ii) a disabled veteran;

(iii) a surviving spouse of an individual who died in the line of duty,
if:

1. the dwelling house was owned by the individual at the
time of the individual's death;

2. the dwelling house was acquired by the surviving spouse
within 2 years of the individual's death, if the individual or the surviving spouse was
domiciled in the State as of the date of the individual's death; or

3. the dwelling house was acquired after the surviving
spouse qualified for exemption for a former dwelling house under item 1 or 2 of this item,
to the extent of the previous exemption; or

(iv) a surviving spouse of a disabled veteran who meets the
requirements of subsection (c) of this section; and

(2) the application requirements of subsection (d) of this section are met.

(c) Except as provided in subsections (d) and (e) of this section, after a disabled
veteran dies, the surviving spouse of the disabled veteran shall receive a disabled veteran's
property tax exemption:

(1) for the dwelling house that was formerly owned by the disabled veteran:

(i) if the dwelling house received an exemption under this section;
and

(ii) if the surviving spouse owns and resides in the dwelling house;

(2) for the dwelling house that was formerly occupied by the disabled
veteran:

(i) if the dwelling house did not receive an exemption under this
section;

(ii) if the disabled veteran was domiciled in the State at death; and

(iii) if the surviving spouse owns and resides in the dwelling house;
and

(3) for a dwelling house subsequently acquired by the surviving spouse, equal to the exemption for the former dwelling house when the dwelling house owned by the surviving spouse was transferred by the surviving spouse:

(i) if the surviving spouse owns and resides in the subsequently acquired dwelling house; and

(ii) if the surviving spouse has qualified under item (1) or (2) of this subsection.

(d) (1) A disabled veteran or a surviving spouse of a disabled veteran shall apply for an exemption under this section by providing to the supervisor:

(i) a copy of the disabled veteran's discharge certificate from active military, naval, or air service; and

(ii) **1.** on the form provided by the Department, a certification of the disabled veteran's disability from the U.S. Department of Veterans Affairs; **OR**

2. A RATING DECISION OF THE DISABLED VETERAN'S DISABILITY FROM THE U.S. DEPARTMENT OF VETERANS AFFAIRS THAT INCLUDES THE EFFECTIVE DATE OF THE RATING DECISION.

(2) The disabled veteran's certificate of disability **OR RATING DECISION** may not be inspected by individuals other than:

(i) the disabled veteran; or

(ii) appropriate employees of the State, a county, or a municipal corporation.

(3) A disabled active duty service member shall apply for an exemption under this section by providing to the supervisor, on the form provided by the Department, a certification of the service member's disability from a physician licensed to practice medicine in the State or from the U.S. Department of Veterans Affairs.

(4) A surviving spouse of an individual who died in the line of duty shall apply for an exemption under this section by providing to the supervisor certification that the individual died while in active service as a result of an injury or disease incurred in the line of duty.

(5) (i) An individual may submit, and the Department shall accept, an application for the exemption under this section for a specific dwelling house the individual intends to purchase before the individual purchases the dwelling house.

1 (ii) The Department, within 15 business days following receipt of an
2 application submitted under subparagraph (i) of this paragraph, shall process the
3 application and send the applicant a letter stating:

4 1. that the application is preliminarily approved or
5 preliminarily denied; and

6 2. if the application is preliminarily approved, the amount of
7 the tax exemption for the dwelling the individual intends to purchase.

8 (iii) An individual who is issued a letter preliminarily approving the
9 exemption shall receive the exemption for the dwelling referenced in the letter after
10 becoming the owner of the dwelling without having to file another application.

11 (e) (1) Except as provided in paragraph (2) of this subsection, an exemption
12 under this section shall be granted in addition to any other exemption authorized by law.

13 (2) An individual may receive an exemption under this section or under §
14 7–207 of this subtitle but not under both.

15 (f) (1) An exemption under this section is prorated by the supervisor for any
16 part of a taxable year that remains after the date in the year when the disabled active duty
17 service member, disabled veteran, or surviving spouse applies for the exemption.

18 (2) (i) Notwithstanding any other provision of this article and except as
19 provided in subparagraph (ii) of this paragraph, if a dwelling is transferred to a disabled
20 active duty service member, disabled veteran, or surviving spouse who qualifies for an
21 exemption under this section, the exemption applies and the property tax is abated from
22 the date of settlement for the purchase of the property, if the transferee applies for the
23 exemption within 30 days after the settlement for the purchase of the property.

24 (ii) Notwithstanding § 7–104 of this title and for any taxable year
25 beginning on or after July 1, 2018, the governing body of Montgomery County may
26 authorize, by law, an abatement of any overdue property tax:

27 1. on a dwelling transferred to a disabled active duty service
28 member, disabled veteran, or surviving spouse who applies for and qualifies for an
29 exemption under this section; and

30 2. for which the transferee is liable.

31 (3) The Department shall adopt regulations to administer the provisions of
32 paragraph (2)(i) of this subsection.

33 (g) (1) Subject to paragraphs (2) and (3) of this subsection, in the taxable years
34 in which an exemption under this section was authorized but not granted, the State, a
35 county, or a municipal corporation shall pay a refund to an individual described below who

1 receives an exemption under this section:

2 (i) to a disabled active duty service member, disabled veteran, or
3 surviving spouse for any State property tax paid;

4 (ii) to a disabled active duty service member, disabled veteran, or
5 surviving spouse for any county property tax paid; or

6 (iii) to a disabled active duty service member or disabled veteran for
7 any municipal corporation property tax paid.

8 (2) A disabled active duty service member or disabled veteran may apply
9 for a refund of State, county, and municipal corporation property tax paid on the dwelling
10 house while the exemption was available only if the disabled active duty service member
11 or disabled veteran applies for the exemption during the 3-year period beginning with the
12 calendar year in which the disabled active duty service member or disabled veteran initially
13 became eligible for an exemption under this section.

14 (3) A surviving spouse may apply for a refund of State, county, and
15 municipal corporation property tax paid on the dwelling house while the exemption was
16 available, only if the surviving spouse applies for the exemption during the 3-year period
17 beginning with the calendar year in which the surviving spouse initially became eligible for
18 an exemption under this section.

19 (h) (1) For the purposes of subsections (f) and (g) of this section, the State, a
20 county, or a municipal corporation shall pay to a disabled active duty service member,
21 disabled veteran, or surviving spouse interest on the amount of a refund if:

22 (i) the disabled active duty service member, disabled veteran, or
23 surviving spouse is eligible and has applied for the refund; and

24 (ii) the State, county, or municipal corporation fails to make the
25 refund within 60 days after the eligible disabled active duty service member, disabled
26 veteran, or surviving spouse has applied for the refund.

27 (2) If interest is payable under this subsection:

28 (i) the State shall pay interest at the rate the State charges on
29 overdue taxes;

30 (ii) the county or municipal corporation shall pay interest at the rate
31 the county or municipal corporation charges on overdue taxes; and

32 (iii) interest shall accrue from the date the refund application is filed
33 with the State, county, or municipal corporation.

34 (i) Each county shall include information on the property tax bill about the

1 availability of the property tax exemption for disabled active duty service members,
2 disabled veterans, and surviving spouses authorized under this section.

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
4 1, 2023, and shall be applicable to all taxable years beginning after June 30, 2023.