

HOUSE BILL 898

Q1

3lr2832

By: **Delegate Feldmark**

Introduced and read first time: February 9, 2023

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Property Tax – Renters’ Property Tax Relief and Homeowners’ Property Tax**
3 **Credit Programs – Eligibility and Credit Amount**

4 FOR the purpose of increasing certain amounts that are used to determine eligibility for
5 and calculate the amount of certain property tax credits under the renters’ property
6 tax relief program and the homeowners’ property tax credit program; requiring the
7 State Department of Assessments and Taxation to evaluate, as compared to
8 inflation, certain income limitations on eligibility for and the calculation of the tax
9 credits and to report its findings and recommendations to the General Assembly on
10 or before certain dates; and generally relating to property tax credits for renters and
11 homeowners.

12 BY repealing and reenacting, without amendments,
13 Article – Tax – Property
14 Section 9–102(a)(1), (2), (4), (6), and (7) and (b) and 9–104(a)(1) through (3), (8), and
15 (12) and (b)(1)
16 Annotated Code of Maryland
17 (2019 Replacement Volume and 2022 Supplement)

18 BY repealing and reenacting, with amendments,
19 Article – Tax – Property
20 Section 9–102(h) and (i) and 9–104(g) and (j)
21 Annotated Code of Maryland
22 (2019 Replacement Volume and 2022 Supplement)

23 BY adding to
24 Article – Tax – Property
25 Section 9–102(k) and 9–104(v)
26 Annotated Code of Maryland
27 (2019 Replacement Volume and 2022 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

Article – Tax – Property

9–102.

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

(2) (i) “Assets” include:

1. real property;
2. cash;
3. savings accounts;
4. stocks;
5. bonds; and
6. any other investment.

(ii) “Assets” do not include:

1. the cash value of the life insurance policies on the life of
the renter; or
2. tangible personal property.

(4) “Combined income” means the combined gross income of all individuals
who actually reside in a dwelling except an individual who:

(i) is a dependent of the renter under § 152 of the Internal Revenue
Code; or

(ii) pays a reasonable amount for rent or room and board.

(6) (i) “Gross income” means the total income from all sources for the
calendar year that immediately precedes the taxable year, whether or not the income is
included in the definition of gross income for federal or State tax purposes.

(ii) “Gross income” includes:

1. any benefit under the Social Security Act or the Railroad
Retirement Act;

2. the aggregate of gifts over \$300;
3. alimony;
4. support money;
5. any nontaxable strike benefit;
6. public assistance received in a cash grant;
7. a pension;
8. an annuity;
9. any unemployment insurance benefit;
10. any workers' compensation benefit; and
11. the net income received from a business, rental, or other endeavor.

(iii) "Gross income" does not include:

1. any income tax refund received from the State or federal government, including any refundable portion of the federal earned income tax credit; or
2. any loss from business, rental, or other endeavor.

(7) "Net worth" means the sum of the current market value of all assets, less any outstanding liability.

(b) There is a property tax relief program for any renter.

(h) (1) The property tax relief that a renter may receive under this section is the assumed property tax on real property less a percentage of the combined income of the renter.

(2) The percentage is:

- (i) 0% of the 1st **[\$4,000] \$16,000** of combined income;
- (ii) 2.5% of the 2nd **[\$4,000] \$16,000** of combined income; and
- (iii) 5.5% of the combined income over **[\$8,000] \$32,000**.

(i) The property tax relief under this section may not be:

(1) more than [\$1,000] **\$1,200**;

(2) granted to any renter whose combined net worth exceeds \$200,000 as of December 31 of the calendar year for which the property tax relief is sought;

(3) granted to any renter whose dwelling is exempt from property tax; and

(4) granted if the credit under this section is less than \$1 in any year.

(K) ON OR BEFORE DECEMBER 1, 2026, AND EVERY 3 YEARS THEREAFTER, THE DEPARTMENT SHALL:

(1) EVALUATE, AS COMPARED TO INFLATION, THE INCOME LIMITATION ON ELIGIBILITY FOR AND CALCULATION OF THE RENTERS' PROPERTY TAX CREDIT UNDER SUBSECTIONS (H) AND (I)(2) OF THIS SECTION; AND

(2) REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2–1257 OF THE STATE GOVERNMENT ARTICLE, THE DEPARTMENT'S FINDINGS AND RECOMMENDATIONS ON ADJUSTING FOR INFLATION THE INCOME ELIGIBILITY REQUIREMENTS AND CALCULATION OF THE RENTERS' PROPERTY TAX CREDIT UNDER SUBSECTIONS (H) AND (I)(2) OF THIS SECTION.

9–104.

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

(2) (i) “Assets” include:

1. real property;
2. cash;
3. savings accounts;
4. stocks;
5. bonds; and
6. any other investment.

(ii) “Assets” do not include:

1. the dwelling for which a property tax credit is sought under this section;

4. tangible personal property.

(ii) pays a reasonable amount for rent or room and board.

(ii) “Gross income” includes:

11. the net income received from a business, rental, or other endeavor;

12. any withdrawal, payment, or distribution from an individual retirement account;

13. any withdrawal, payment, or distribution from any qualified retirement savings plan; and

14. any rent on the dwelling, including the rent from a room or apartment.

(iii) "Gross income" does not include:

1. any income tax refund received from the State or federal government; or

2. any loss from business, rental, or other endeavor.

(12) "Net worth" means the sum of the current market value of all assets, less any outstanding liability.

(b) (1) The homeowners' tax credit under this section is a State-funded program.

(g) (1) Except as provided in subsection (h) of this section, the property tax credit under this section is the total real property tax of a dwelling, less the percentage of the combined income of the homeowner that is described in paragraph (2) of this subsection.

(2) The percentage is:

(i) 0% of the 1st ~~[\$8,000]~~ **\$12,000** of combined income;

(ii) 4% of the next ~~[\$4,000]~~ **\$18,000** of combined income;

(iii) 6.5% of the next ~~[\$4,000]~~ **\$18,000** of combined income; and

(iv) 9% of the combined income over ~~[\$16,000]~~ **\$48,000**.

(j) (1) A property tax credit under this section may not be granted to a homeowner whose combined net worth exceeds \$200,000 as of December 31 of the calendar year that precedes the year in which the homeowner applies for the property tax credit or whose combined gross income exceeds ~~[\$60,000]~~ **\$87,000** in that same calendar year.

(2) If a property tax credit under this section is less than \$1 in any taxable year, the credit may not be granted.

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

1 (4) Except as provided in subsection (u) of this section, if a property tax
2 credit is issued under this section, the credit or a voucher for a credit may be used only in
3 the taxable year in which it was issued or the next succeeding taxable year. However, a
4 homeowner whose dwelling is sold for taxes may receive the credit until the final decree
5 under § 14–844 of this article is entered.

6 **(v) ON OR BEFORE DECEMBER 1, 2026, AND EVERY 3 YEARS THEREAFTER,**
7 **THE DEPARTMENT SHALL:**

8 **(1) EVALUATE, AS COMPARED TO INFLATION, THE CALCULATION OF**
9 **AND INCOME LIMITATION ON ELIGIBILITY FOR THE HOMEOWNERS' PROPERTY TAX**
10 **CREDIT UNDER SUBSECTIONS (G) AND (J)(1) OF THIS SECTION; AND**

11 **(2) REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH §**
12 **2–1257 OF THE STATE GOVERNMENT ARTICLE, THE DEPARTMENT'S FINDINGS AND**
13 **RECOMMENDATIONS ON ADJUSTING FOR INFLATION THE CALCULATION AND**
14 **INCOME ELIGIBILITY REQUIREMENTS OF THE HOMEOWNERS' PROPERTY TAX**
15 **CREDIT UNDER SUBSECTIONS (G) AND (J)(1) OF THIS SECTION.**

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
17 1, 2023, and shall be applicable to all taxable years beginning after June 30, 2023.