

SENATE BILL 809

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By: **Senator Hayes**

Introduced and read first time: February 7, 2022

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Homeowners' Property Tax Credit – Easy Application and Automatic Renewal**

3 FOR the purpose of requiring the Comptroller to include on the Maryland resident
4 individual income tax return form a certain notification concerning the homeowners'
5 property tax credit and a certain separate form that a taxpayer may use to apply for
6 the homeowners' property tax credit; requiring that certain qualifying homeowners
7 receive the homeowners' property tax credit for subsequent taxable years without
8 being required to file an application for the credit; and generally relating to the
9 homeowners' property tax credit.

10 BY adding to
11 Article – Tax – General
12 Section 2–116
13 Annotated Code of Maryland
14 (2016 Replacement Volume and 2021 Supplement)

15 BY repealing and reenacting, with amendments,
16 Article – Tax – Property
17 Section 9–104(l)(2)
18 Annotated Code of Maryland
19 (2019 Replacement Volume and 2021 Supplement)

20 BY adding to
21 Article – Tax – Property
22 Section 9–104(v)
23 Annotated Code of Maryland
24 (2019 Replacement Volume and 2021 Supplement)

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Article – Tax – General

2–116.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) “DEPARTMENT” MEANS THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION.

(3) “HOMEOWNERS’ CREDIT” MEANS THE PROPERTY TAX CREDIT ESTABLISHED UNDER § 9–104 OF THE TAX – PROPERTY ARTICLE.

(4) “INCOME TAX RETURN FORM” MEANS THE MARYLAND RESIDENT INDIVIDUAL INCOME TAX RETURN FORM.

(B) THE COMPTROLLER SHALL INCLUDE ON THE INCOME TAX RETURN FORM A CONSPICUOUS NOTIFICATION TO THE TAXPAYER THAT:

(1) THE TAXPAYER MAY QUALIFY FOR THE HOMEOWNERS’ CREDIT IF THE TAXPAYER HAS LIMITED INCOME AND ASSETS;

(2) IF THE TAXPAYER QUALIFIES, THE HOMEOWNERS’ CREDIT MAY SIGNIFICANTLY REDUCE THE PROPERTY TAXES THE TAXPAYER OWES; AND

(3) THE TAXPAYER MUST COMPLETE THE SEPARATE FORM DESCRIBED IN SUBSECTION (C) OF THIS SECTION TO APPLY FOR THE HOMEOWNERS’ CREDIT.

(C) (1) THE COMPTROLLER SHALL INCLUDE WITH THE INCOME TAX RETURN FORM A SEPARATE FORM THAT IS REQUIRED ONLY FOR INDIVIDUALS WHO WISH TO APPLY FOR THE HOMEOWNERS’ CREDIT.

(2) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE SEPARATE FORM SHALL REQUIRE THE TAXPAYER TO PROVIDE ALL THE INFORMATION NECESSARY FOR THE DEPARTMENT TO DETERMINE THE TAXPAYER’S ELIGIBILITY FOR THE HOMEOWNERS’ CREDIT.

(II) THE SEPARATE FORM MAY NOT REQUIRE THE TAXPAYER TO PROVIDE ANY INFORMATION THAT THE TAXPAYER IS REQUIRED TO PROVIDE ON THE INCOME TAX RETURN FORM, INCLUDING ANY SOURCES AND AMOUNTS OF INCOME THAT ARE REPORTED ON THE INCOME TAX RETURN FORM.

(3) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS

1 PARAGRAPH, THE COMPTROLLER SHALL REQUIRE A TAXPAYER TO SUBMIT WITH
2 THE SEPARATE FORM ANY DOCUMENTATION THE DEPARTMENT REQUIRES TO
3 VERIFY THE TAXPAYER'S INCOME FOR PURPOSES OF THE HOMEOWNERS' CREDIT.

4 (II) THE COMPTROLLER MAY NOT REQUIRE A TAXPAYER TO
5 SUBMIT WITH THE SEPARATE FORM ANY DOCUMENT THAT THE TAXPAYER IS
6 REQUIRED TO SUBMIT WITH THE INCOME TAX RETURN FORM, INCLUDING, IF
7 SUBMITTED WITH THE INCOME TAX RETURN FORM, A COPY OF THE TAXPAYER'S
8 FEDERAL INCOME TAX RETURN.

9 (D) NOTWITHSTANDING § 13-202 OF THIS ARTICLE, THE COMPTROLLER
10 SHALL TRANSMIT TO THE DEPARTMENT:

11 (1) A COPY OF EACH FORM SUBMITTED BY A TAXPAYER UNDER
12 SUBSECTION (C) OF THIS SECTION; AND

13 (2) FOR EACH TAXPAYER WHO SUBMITS A FORM UNDER SUBSECTION
14 (C) OF THIS SECTION, ANY OTHER INFORMATION OR DOCUMENTATION IN THE
15 COMPTROLLER'S POSSESSION THAT IS NOT INCLUDED ON OR WITH THE FORM
16 SUBMITTED UNDER SUBSECTION (C) OF THIS SECTION BUT IS NECESSARY FOR THE
17 DEPARTMENT TO DETERMINE THE TAXPAYER'S ELIGIBILITY FOR THE
18 HOMEOWNERS' CREDIT.

19 (E) ON RECEIPT OF A FORM AND, IF APPLICABLE, OTHER INFORMATION OR
20 DOCUMENTATION CONCERNING A TAXPAYER'S APPLICATION FOR THE
21 HOMEOWNERS' CREDIT UNDER SUBSECTION (D) OF THIS SECTION, THE
22 DEPARTMENT SHALL PROMPTLY:

23 (1) ENROLL THE TAXPAYER FOR THE HOMEOWNERS' CREDIT IF THE
24 TAXPAYER IS ELIGIBLE;

25 (2) IF ADDITIONAL INFORMATION IS REQUIRED TO DETERMINE THE
26 TAXPAYER'S ELIGIBILITY FOR THE HOMEOWNERS' CREDIT, CONTACT THE TAXPAYER
27 TO REQUEST ADDITIONAL INFORMATION; OR

28 (3) IF THE TAXPAYER IS NOT ELIGIBLE FOR THE HOMEOWNERS'
29 CREDIT, NOTIFY THE TAXPAYER THAT THE TAXPAYER IS NOT ELIGIBLE AND INFORM
30 THE TAXPAYER OF THE GROUNDS FOR INELIGIBILITY.

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

9–104.

(l) (2) (I) Except as provided in subsections (m) [and], (u), AND (V) of this section, on or before October 1 of the taxable year in which the property tax credit under this section is sought, a homeowner may apply to the Department for a property tax credit under this section.

(II) The application shall be made on the form that the Department provides.

(V) (1) IN THIS SUBSECTION, “QUALIFYING HOMEOWNER” MEANS:

(I) A HOMEOWNER WHOSE GROSS INCOME IS LESS THAN THE AMOUNT THAT REQUIRES THE HOMEOWNER TO FILE A MARYLAND RESIDENT INCOME TAX RETURN UNDER § 10–805(A) OF THE TAX – GENERAL ARTICLE; OR

(II) A HOMEOWNER WHO:

1. IS AT LEAST 65 YEARS OLD;

2. DOES NOT HAVE ANY OTHER INDIVIDUAL WHO RESIDES IN THE HOMEOWNER’S DWELLING OTHER THAN AN INDIVIDUAL WHO IS A DEPENDENT OF THE HOMEOWNER UNDER § 152 OF THE INTERNAL REVENUE CODE; AND

3. DOES NOT HAVE INCOME FROM ANY SOURCE OTHER THAN:

A. SOCIAL SECURITY BENEFITS; OR

B. A PENSION.

(2) A QUALIFYING HOMEOWNER WHO, FOR ANY TAXABLE YEAR BEGINNING ON OR AFTER JULY 1, 2023, APPLIES FOR AND IS GRANTED THE TAX CREDIT UNDER THIS SECTION SHALL RECEIVE THE TAX CREDIT UNDER THIS SECTION FOR ALL SUBSEQUENT TAXABLE YEARS WITHOUT BEING REQUIRED TO FILE AN APPLICATION FOR THE TAX CREDIT FOR ANY SUBSEQUENT TAXABLE YEAR, UNLESS THE DEPARTMENT DETERMINES THAT THE QUALIFYING HOMEOWNER IS NO LONGER ELIGIBLE FOR THE CREDIT.

(3) ON OR BEFORE FEBRUARY 15, 2024, AND FEBRUARY 15 EACH SUBSEQUENT YEAR, THE DEPARTMENT SHALL SEND A NOTICE TO EACH QUALIFYING HOMEOWNER INFORMING THE QUALIFYING HOMEOWNER THAT THE QUALIFYING HOMEOWNER IS REQUIRED TO PROMPTLY NOTIFY THE DEPARTMENT IF, IN THE

1 PREVIOUS YEAR:

2 (I) THE QUALIFYING HOMEOWNER'S INCOME HAS CHANGED
3 FOR ANY REASON OTHER THAN A REGULAR COST-OF-LIVING ADJUSTMENT TO
4 SOCIAL SECURITY BENEFITS OR A PENSION;

5 (II) THE INDIVIDUALS WHO RESIDE IN THE QUALIFYING
6 HOMEOWNER'S DWELLING HAVE CHANGED; OR

7 (III) ANY OTHER CIRCUMSTANCE HAS CHANGED THAT WOULD
8 AFFECT THE QUALIFYING HOMEOWNER'S ELIGIBILITY FOR THE CREDIT UNDER THIS
9 SECTION.

10 (4) THE DEPARTMENT SHALL OBTAIN DATA FROM GOVERNMENT
11 AGENCIES OR OTHER RELIABLE SOURCES THAT THE DEPARTMENT SHALL USE TO
12 VERIFY WHETHER A QUALIFYING HOMEOWNER REMAINS ELIGIBLE FOR THE TAX
13 CREDIT UNDER THIS SECTION.

14 (5) (I) IF THE DEPARTMENT RECEIVES INFORMATION FROM A
15 QUALIFYING HOMEOWNER OR ANOTHER RELIABLE SOURCE THAT A QUALIFYING
16 HOMEOWNER IS:

17 1. NO LONGER ELIGIBLE FOR THE TAX CREDIT UNDER
18 THIS SECTION, THE DEPARTMENT SHALL PROMPTLY TERMINATE THE CREDIT; OR

19 2. ELIGIBLE FOR A DIFFERENT CREDIT AMOUNT THAN
20 THE AMOUNT THE QUALIFYING HOMEOWNER CURRENTLY RECEIVES, THE
21 DEPARTMENT SHALL PROMPTLY ADJUST THE AMOUNT OF CREDIT.

22 (II) THE DEPARTMENT SHALL PROMPTLY NOTIFY A
23 HOMEOWNER OF A CREDIT TERMINATION OR CHANGE IN CREDIT AMOUNT UNDER
24 THIS PARAGRAPH AND THE GROUNDS FOR THE TERMINATION OR CHANGE.

25 (6) (I) IF AN AUDIT UNDER SUBSECTION (E)(3) OF THIS SECTION
26 DETERMINES THAT A QUALIFYING HOMEOWNER RECEIVED ANY AMOUNT OF CREDIT
27 UNDER THIS SECTION FOR WHICH THE QUALIFYING HOMEOWNER WAS NOT
28 ELIGIBLE, THE DEPARTMENT MAY PLACE A LIEN ON THE QUALIFYING
29 HOMEOWNER'S DWELLING FOR THE AMOUNT OF THE CREDIT IMPROPERLY PAID BUT
30 MAY NOT INITIATE ANY COLLECTION EFFORTS OR OTHERWISE ACT TO ENFORCE THE
31 LIEN UNTIL OWNERSHIP OF THE DWELLING IS TRANSFERRED.

32 (II) THE DEPARTMENT MAY WAIVE THE OBLIGATION OF A
33 QUALIFYING HOMEOWNER OR A QUALIFYING HOMEOWNER'S ESTATE TO REPAY TO

1 THE DEPARTMENT ANY AMOUNT OF CREDIT IMPROPERLY PAID TO THE QUALIFYING
2 HOMEOWNER IF THE DEPARTMENT DETERMINES THAT:

3 1. THE QUALIFYING HOMEOWNER DID NOT WILLFULLY
4 AND KNOWINGLY MISREPRESENT ANY MATERIAL FACT REGARDING THE
5 QUALIFYING HOMEOWNER'S ELIGIBILITY FOR THE CREDIT; AND

6 2. REQUIRING REPAYMENT OF THE CREDIT WOULD
7 IMPOSE AN UNDUE HARDSHIP ON A QUALIFYING HOMEOWNER OR A QUALIFYING
8 HOMEOWNER'S HEIRS.

9 (7) IF AN AUDIT UNDER SUBSECTION (E)(3) OF THIS SECTION
10 DETERMINES THAT A QUALIFYING HOMEOWNER RECEIVED A LESSER AMOUNT OF
11 THE TAX CREDIT UNDER THIS SECTION THAN THE AMOUNT THE QUALIFYING
12 HOMEOWNER WAS ELIGIBLE TO RECEIVE, THE DEPARTMENT SHALL PROMPTLY PAY
13 THE QUALIFYING HOMEOWNER THE FULL AMOUNT OF THE DIFFERENCE.

14 SECTION 3. AND BE IT FURTHER ENACTED, That:

15 (a) On or before August 1, 2022, the State Department of Assessments and
16 Taxation, in consultation with the Comptroller, shall contract with a usability consultant
17 to develop recommendations concerning the design and language of:

18 (1) the notification required on the individual income tax return form
19 under § 2-116(b) of the Tax – General Article as enacted by Section 1 of this Act;

20 (2) the separate form required to be included with the individual income
21 tax return form under § 2-116(c) of the Tax – General Article as enacted by Section 1 of
22 this Act; and

23 (3) the instructions for the individual income tax return form relating to
24 the notification described in item (1) of this subsection and the form described in item (2)
25 of this subsection.

26 (b) The usability consultant shall recommend a design and language for the
27 notification, form, and instructions that is as clear and easy to understand as possible,
28 especially for socioeconomically diverse communities.

29 (c) On or before December 1, 2022, the consultant shall submit the
30 recommendations to the State Department of Assessments and Taxation and the
31 Comptroller.

32 (d) On or before February 1, 2023, the State Department of Assessments and
33 Taxation and the Comptroller shall jointly submit a report, in accordance with § 2-1257 of
34 the State Government Article, to the Senate Budget and Taxation Committee and the
35 House Committee on Ways and Means that includes:

1 (1) the recommendations submitted by the consultant under subsection (c)
2 of this section; and

3 (2) the final design and language of the notification, form, and instructions
4 that the Comptroller used to implement this Act.

5 SECTION 4. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall take
6 effect January 1, 2023, and shall be applicable to individual income tax return forms filed
7 for taxable years beginning after December 31, 2021.

8 SECTION 5. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take
9 effect January 1, 2023.

10 SECTION 6. AND BE IT FURTHER ENACTED, That, except as provided in
11 Sections 4 and 5 of this Act, this Act shall take effect June 1, 2022.