

COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND
2015 Legislative Session

Bill No. CB-40-2015

Chapter No. _____

Proposed and Presented by The Chairman (by request – County Executive)

Introduced by _____

Co-Sponsors _____

Date of Introduction _____

BILL

1 AN ACT concerning

2 Supplemental Property Tax Credit

3 For the purpose of establishing a tax credit for real property.

4 BY adding:

5 SUBTITLE 10. FINANCE AND TAXATION.

6 Section 10-235.22,

7 The Prince George's County Code

8 (2011 Edition; 2014 Supplement).

9 SECTION 1. BE IT ENACTED by the County Council of Prince George's County, Maryland,
10 that Section 10-235.22 of the Prince George's County Code be and the same is hereby added:

11 **SUBTITLE 10. FINANCE AND TAXATION.**

12 **DIVISION 8. TAX ASSESSMENT, LEVY, AND COLLECTION.**

13 **SUBDIVISION 5L. PROPERTY TAX CREDIT.**

14 **Sec. 10-235.22. Supplemental Property Tax Credit.**

15 (a) In accordance with the provisions of Section 9-104 of the Tax-Property Article of the
16 Annotated Code of Maryland, the owner of real property may receive a supplemental property tax
17 credit against the County property tax if certain eligibility requirements are met.

18 (b) For the purpose of this Section, the following terms have the meanings indicated:

19 (1) "Assets" include:

20 (A) real property;

21 (B) cash;

22 (C) savings accounts;

- (D) stocks;
- (E) bonds; and
- (F) any other investment.

"Assets" does not include:

- (A) the dwelling for which a property tax credit is sought under this Section;
- (B) the cash value of the life insurance policies on the life of the homeowner;
- (C) the cash value of any qualified retirement savings plans or individual retirement

accounts; or

- (D) tangible personal property.

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

- (A) is a dependent of the homeowner under Section 152 of the Internal Revenue

Code; or

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

(3) "Current market value" means:

- (A) for residential property, the value as determined by the State Department of

Assessments and Taxation; and

- (B) for farmland, marshland, and woodland, the value under Title 8, Subtitle 2 of the

Tax –Property Article of the Annotated Code of Maryland as determined by the State Department of Assessments and Taxation.

(4) "Department" means the Department of Finance

(5) "Director" means the Director of the Department of Finance or the Director's

designee.

(6) "Dwelling" means:

- (A) for a homeowner who is not a home purchaser, a house that is:

- (i) used as the principal residence of a homeowner and the lot or curtilage on

which the house is erected;

- (ii) occupied by not more than 2 families; and

- (iii) actually occupied or expected to be actually occupied by the homeowner for

more than 6 months of a 12-month period, which actual or expected occupancy period shall include

July 1 of the taxable year for which the property tax credit under this section is sought; or

1 (B) for a homeowner who is a home purchaser, a house that is:

2 (i) used as the principal residence of a homeowner and the lot or curtilage on
 3 which the house is erected;

4 (ii) occupied by not more than 2 families; and

5 (iii) actually occupied or expected to be actually occupied by the home
 6 purchaser for the remainder of the taxable year for which the property tax credit under this section is
 7 sought.

8 (7) **"Final tax liability"** means the tax liability for any property tax on the real property of
 9 a dwelling less any property tax credit provided under this section.

10 (8) **"Gross income"** means the total income from all sources for the calendar year that
 11 immediately precedes the taxable year, whether or not the income is included in the definition of
 12 gross income for federal or State tax purposes.

13 (A) "Gross income" includes:

14 (i) any benefit under the Social Security Act or the Railroad Retirement Act;

15 (ii) the aggregate of gifts over \$ 300;

16 (iii) alimony;

17 (iv) support money;

18 (v) any nontaxable strike benefit;

19 (vi) public assistance received in a cash grant;

20 (vii) a pension;

21 (viii) an annuity;

22 (ix) any unemployment insurance benefit;

23 (x) any workers' compensation benefit;

24 (xi) the net income received from a business, rental, or other endeavor;

25 (xii) any withdrawal, payment, or distribution from an individual retirement
 26 account;

27 (xiii) any withdrawal, payment, or distribution from any qualified retirement
 28 savings plan; and

29 (xiv) any rent on the dwelling, including the rent from a room or apartment.

30 (B) "Gross income" does not include:

31 (i) any income tax refund received from the State or federal government; or

1 (ii) any loss from business, rental, or other endeavor.

2 (9) **"Homeowner"** means an individual who:

3 (A) on July 1 of the taxable year for which the tax credit is to be allowed:

4 (i) actually resides in a dwelling in which the individual has a legal interest; or

5 (ii) under a court order or separation agreement, permits a spouse, a former
 6 spouse, or a child of the individual's family to reside without payment of rent in a dwelling in which
 7 the individual has a legal interest; or

8 (B) is a home purchaser; and

9 (C) actually resides in a dwelling in which the individual has a legal interest, whether
 10 or not the individual resides in the dwelling on July 1 of the taxable year for which the tax credit is
 11 sought.

12 (i) "Homeowner" shall include a beneficiary of a trust described in 42 U.S.C.
 13 § 1396p(d)(4), or a trust established for the benefit of an individual with a disability by an individual
 14 other than the beneficiary and that is funded with assets that were never owned or controlled by the
 15 beneficiary, if, on July 1 of the taxable year for which the tax credit is to be allowed, the beneficiary
 16 of the trust is an individual who actually resides in the dwelling.

17 (10) **"Home purchaser"** means an individual who purchases a dwelling in the taxable year
 18 for which the tax credit under this section is sought.

19 (11) **"Legal interest"** includes an interest in a dwelling:

20 (A) as sole owner;

21 (B) as a joint tenant;

22 (C) as a tenant in common;

23 (D) as a tenant by the entirety;

24 (E) through membership in a cooperative;

25 (F) under a land installment contract, as defined in Section 10-101 of the Real
 26 Property Article of the Annotated Code of Maryland;

27 (G) as a holder of a life estate; or

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

30 (13) **"Tax Credit"** means, if eligible pursuant to this section, a credit given for the real
 31 property tax assessed and dedicated to the education fund.

1 (14) "Total real property tax" means the product of the sum of all property tax rates on
 2 real property, including special district tax rates, for the taxable year on a dwelling, multiplied by the
 3 lesser of:

4 (A) \$ 200,000; or

5 (B) the assessed value of the dwelling reduced by the amount of any assessment on
 6 which a property tax credit is granted under Section 9-105 of the Tax-Property
 7 Article of the Annotated Code of Maryland, and

8 (C) reduced by and any "save harmless" credit mandated under Section 9-101 of the
 9 Tax Property Article of the Annotated Maryland Code.

10 (c) **Regulations.** -- The Department shall adopt regulations to carry out the purpose of this
 11 section.

12 (d) General.

13 (1) The Director must provide to homeowners a County property tax credit to
 14 supplement the State property tax credit granted under Section 9-104 of the Tax- Property Article of
 15 the Annotated Code of Maryland.

16 (2) Except as otherwise expressly stated in this section or an executive
 17 regulation, all eligibility requirements, statutory definitions, restrictions, and application or other
 18 procedures which apply to the credit granted under Section 9-104 of the Tax- Property Article of the
 19 Annotated Code of Maryland also apply to the County supplemental property tax credit.

20 (e) Amount.

21 (1) The County supplemental property tax credit is the total real property tax on
 22 a dwelling, less:

23 (A) the percentage of the combined gross income of the homeowner
 24 calculated under paragraph (2), and

25 (B) the property tax credit granted under Section 9-104 of the Tax-
 26 Property of the Annotated Code of Maryland.

27 (2) The allowable percentage of combined gross income is:

28 (A) 0% of the first \$4,000 of combined income;

29 (B) 2% of the next \$2,000 of combined income;

30 (C) 4% of the next \$3,000 of combined income; and

31 (D) 5% of any combined gross income totaling \$70,000.

1 (3) The property tax credit for home purchasers is the amount of the credit as
 2 calculated under paragraph (1) multiplied by a fraction where the numerator of the fraction is the
 3 number of days in the taxable year that the home purchaser actually occupies or expects to actually
 4 occupy a dwelling in which the home purchaser has a legal interest, and the denominator is 365 days.

5 (f) A property tax credit under this section may not be granted to a homeowner whose
 6 combined net worth exceeds \$ 200,000 as of December 31 of the calendar year that precedes the year
 7 in which the homeowner applies for the property tax credit or whose combined gross income exceeds
 8 \$70,000 in that same calendar year.

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

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

12 (3) if a property tax credit is issued under this section, the credit or a voucher for a credit
 13 may be used only in the taxable year in which it was issued or the

14 (g) A Prince George's County supplemental property tax credit pursuant to this section for
 15 households whose combined gross income between \$60,001 and \$70,000 is as follows:

16 (1) Households with a combined gross income between \$60,001 and \$63,999 will not
 17 have to pay the real property tax whose monies are dedicated for the sole purpose of funding the
 18 approved budget of the local school system; provided that the household meets all other requirements
 19 set by the State of Maryland and pursuant to Tax-Property Article of the Maryland Code;

20 (2) Households with a combined gross income of \$64,000 to \$64,999 will have the real
 21 property tax whose monies are dedicated to the for the sole purpose of funding the approved budget
 22 of the local school system is capped at \$20.00; provided that the household meets all other
 23 requirements set by the State of Maryland and pursuant to Tax-Property Article of the Maryland
 24 Code;

25 (3) Households with a combined gross income of \$65,000 to \$65,999 will have the real
 26 property tax whose monies are dedicated to the for the sole purpose of funding the approved budget
 27 of the local school system is capped at \$40.00; provided that the household meets all other
 28 requirements set by the State of Maryland and pursuant to Tax-Property Article of the Maryland
 29 Code;

30 (4) Households with a combined gross income of \$66,000 to \$66,999 will have the real
 31 property tax whose monies are dedicated to the for the sole purpose of funding the approved budget

1 of the local school system is capped at \$60.00; provided that the household meets all other
 2 requirements set by the State of Maryland and pursuant to Tax-Property Article of the Maryland
 3 Code;

4 (5) Households with a combined gross income of \$67,000 to \$67,999 will have the real
 5 property tax whose monies are dedicated to the for the sole purpose of funding the approved budget
 6 of the local school system is capped at \$100.00; provided that the household meets all other
 7 requirements set by the State of Maryland and pursuant to Tax-Property Article of the Maryland
 8 Code;

9 (6) Households with a combined gross income of \$68,000 to \$68,999 will have the real
 10 property tax whose monies are dedicated to the for the sole purpose of funding the approved budget
 11 of the local school system is capped at \$140.00; provided that the household meets all other
 12 requirements set by the State of Maryland and pursuant to Tax-Property Article of the Maryland
 13 Code;

14 (7) Households with a combined gross income of \$69,000 to \$69,999 will have the real
 15 property tax whose monies are dedicated to the for the sole purpose of funding the approved budget
 16 of the local school system is capped at \$180.00; provided that the household meets all other
 17 requirements set by the State of Maryland and pursuant to Tax-Property Article of the Maryland
 18 Code;

19 (8) Households with a combined gross income of \$70,000 will have the real property tax
 20 whose monies are dedicated for the sole purpose of funding the approved budget of the local school
 21 system is capped at \$230.00; provided that the household meets all other requirements set by the
 22 State of Maryland and pursuant to Tax-Property Article of the Maryland Code;

23 (h) During any fiscal year, the total amount of all tax credits granted under this Section shall not
 24 exceed \$2 million.

25 (i) Administration. Administrative duties are performed by the Director, and by the State
 26 Department of Assessments and Taxation as provided in Sections 9-104 and 9- 215 of the Tax-
 27 Property Article of the Maryland Code. If a credit is granted under this section, a revised tax bill or a
 28 tax voucher may be used to adjust the final tax liability.

29 (j) Penalties for false and fraudulent information. A person who knowingly submits a false or
 30 fraudulent application, or withholds information, to obtain a tax credit under this section has
 31 committed a violation of the law. In addition, the person must repay the County for all amounts

1 credited and all accrued interest and penalties that would apply to those amounts as overdue taxes.
2 The County may enforce this subsection by appropriate legal action. A person who violates this
3 subsection is liable for all court costs and expenses of the County in any civil action brought by the
4 County against the violator.

5 * * * * *

6 SECTION 2. BE IT FURTHER ENACTED that the provisions of this Act are hereby declared
7 to be severable; and, in the event that any section, subsection, paragraph, subparagraph, sentence,
8 clause, phrase, or word of this Act is declared invalid or unconstitutional by a court of competent
9 jurisdiction, such invalidity or unconstitutionality shall not affect the remaining words, phrases,
10 clauses, sentences, subparagraphs, paragraphs, subsections, or sections of this Act, since the same
11 would have been enacted without the incorporation in this Act of any such invalid or unconstitutional
12 word, phrase, clause, sentence, paragraph, subparagraph, subsection, or section.

13 SECTION 3. BE IT FURTHER ENACTED that this Act shall take effect forty-five (45)
14 calendar days after it becomes law.

Adopted this ____ day of _____, 2015.

COUNTY COUNCIL OF PRINCE
GEORGE'S COUNTY, MARYLAND

BY: _____
Mel Franklin
Chairman

ATTEST:

Redis C. Floyd
Clerk of the Council

APPROVED:

DATE: _____ BY: _____
Rushern L. Baker, III
County Executive