

## Laws & Legal Resources.

[View the 2019 Maryland Code](#) | [View Other Versions of the Maryland Code](#)

# Maryland Tax - Property Section 9-105

## Article - Tax - Property

### § 9-105.

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

(2) (i) "Dwelling" means:

1. a house that is:

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

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

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

(ii) "Dwelling" includes:

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

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

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

(3) "Homeowner" means an individual who has a legal interest in a dwelling or who is an active member of an agricultural limited liability entity that has a legal interest in a dwelling.

(4) "Legal interest" means an interest in a dwelling:

(i) as a sole owner;

(ii) as a joint tenant;

(iii) as a tenant in common;

(iv) as a tenant by the entireties;

(v) through membership in a cooperative;

(vi) under a land installment contract, as defined in § 10-101 of the Real Property Article; or

(vii) as a holder of a life estate.

(5) "Taxable assessment" means the assessment on which the State, county, or municipal corporation property tax rate was imposed in the preceding taxable year, adjusted by the phased-in assessment increase resulting from a revaluation under § 8-104(c)(1)(iii) of this article, less the amount of any assessment on which a property tax credit under this section is authorized.

(6) "Agricultural limited liability entity" means a limited liability company or limited liability partnership that:

(i) owns real property that:

1. includes land receiving an agricultural use assessment under § 8-209 of this article; and

2. includes land used as a homesite that is part of or contiguous to a parcel described in item 1 of this item;

(ii) owns personal property used to operate the agricultural land; and

(iii) owns no other property.

(7) "Active member" means a member of a limited liability company or partner in a limited liability partnership who has or shares the authority to manage, control, and operate the limited liability company or limited liability partnership and who shares the assets and earnings of the limited liability company or limited liability partnership under an operating agreement under § 4A-402 of the Corporations and Associations Article or under a partnership agreement.

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

(c) (1) If a dwelling is not used primarily for residential purposes, the Department shall apportion the total property assessment between the part of the dwelling that is used for residential purposes and the part of the dwelling that is not used for residential purposes.

(2) If a homeowner does not actually reside in a dwelling for the required time period because of illness or need of special care and is otherwise eligible for a property tax credit under this section, the homeowner may qualify for the property tax credit under this section.

(3) If a homeowner otherwise eligible for a credit under this section does not actually reside in a dwelling for the required time period because the dwelling is damaged due to an accident or natural disaster, the homeowner may continue to qualify for a credit under this section for the current taxable year and 2 succeeding taxable years even if the dwelling has been removed from the assessment roll in accordance with § 10-304 of this article.

(4) (i) For a homeowner who is an active member of an agricultural limited liability entity to qualify for the property tax credit under this section:

1. the dwelling must have been owned and occupied by the active member:

A. at the time of its transfer to the agricultural limited liability entity; or

B. if the agricultural limited liability entity is a limited liability company and the dwelling was originally transferred to the agricultural limited liability entity as part of a

conversion from a partnership under § 4A-211 of the Corporations and Associations Article, then at the time of its transfer to the former partnership; and

2. the agricultural limited liability entity and the active member who occupies the dwelling must file an application with the Department establishing initial eligibility for the credit on or before June 30 for the following taxable year and, at the request of the Department, must file an application in any future year to verify continued eligibility.

(ii) Failure to file a timely application may result in disqualification from the Homestead Tax Credit Program for the following taxable year.

(iii) The credit may only be granted to one dwelling owned by the agricultural limited liability entity.

(iv) Participation in the credit program as the active member of an agricultural limited liability entity disqualifies any other dwellings owned by the active member for the credit.

(d) (1) The Department shall authorize and the State, a county, or a municipal corporation shall grant a property tax credit under this section for a taxable year unless during the previous taxable year:

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

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

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

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

(2) A homeowner must actually reside in the dwelling by July 1 of the taxable year for which the property tax credit under this section is to be allowed.

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

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

(5) (i) If the dwelling was transferred for consideration to new ownership on or after January 1 but before the beginning of the next taxable year and the property has not been transferred on the assessment rolls prior to the beginning of the next taxable year:

1. the new owner may submit a written application for the property tax credit under this section to the Department within 60 days after the date of the transfer; and

2. if the deed is recorded on or after July 1 of the next taxable year:

A. the applicant shall submit with the written application a copy of the executed deed evidencing the date of the transfer; and

B. if the applicant fails to submit a copy of the executed deed as required under item A of this item, the Department shall deny the application.

(ii) The date of the transfer under this paragraph is the effective date of the deed as described under § 3-201 of the Real Property Article.

(e) (1) For each taxable year, the property tax credit under this section is calculated by:

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

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

(iii) if the difference is a positive number, multiplying the difference by the applicable State, county, or municipal corporation property tax rate for the current year.

(2) For each taxable year, the homestead credit percentage under paragraph (1)(i) of this subsection is:

(i) for the State property tax, 110%;

(ii) for the county property tax:

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

2. if the county has not set a percentage for the taxable year under paragraph (3) of this subsection or has not notified the Department as required under

paragraph (6) of this subsection, the homestead credit percentage in effect for the county for the preceding taxable year; and

(iii) for the municipal corporation property tax:

1. the homestead credit percentage established by the municipal corporation under paragraph (4) of this subsection; or

2. if the municipal corporation has not set a percentage under paragraph (4) of this subsection or has not notified the Department as required under paragraph (7) of this subsection, the homestead credit percentage for the taxable year for the county in which the property is located.

(3) Subject to paragraph (5) of this subsection, the Mayor and City Council of Baltimore City and the governing body of a county on or before November 15 of any year shall set, by law, the homestead credit percentage for the taxable year beginning the following July 1.

(4) Subject to paragraph (5) of this subsection, on or before November 25 of any year, the governing body of a municipal corporation may set or alter, by law, a homestead credit percentage for the taxable year beginning the following July 1 and any subsequent taxable year.

(5) The homestead credit percentage for any county or municipal corporation property tax:

(i) may not be less than 100% or exceed 110% for any taxable year; and

(ii) shall be expressed in increments of 1 percentage point.

(6) The Mayor and City Council of Baltimore City and the governing body of a county shall notify the Department of any action taken under paragraph (3) of this subsection on or before November 15 preceding the taxable year for which the action is taken.

(7) A municipal corporation shall notify the Department of any action taken under paragraph (4) of this subsection on or before November 25 preceding the taxable year for which the action is taken.

(f) The Department shall give notice of the possible property tax credit under this section.

(g) A homeowner who meets the requirements of this section shall be granted the property tax credit under this section against the State, county, and municipal corporation property tax imposed on the real property of the dwelling.

(h) The tax credit under this section shall be included on the homeowner's property tax bill.

(i) (1) When property that has received a credit under this section for the current taxable year includes improvements that are removed from the assessment roll under § 10-304 of this article because of damage due to an accident or a natural disaster:

(i) the full benefit of the property tax abatement under § 10-304 of this article may not be diminished by the amount of the credit;

(ii) the full benefit of that credit may not be diminished by the property tax abatement under § 10-304 of this article and shall be reflected in the assessment of the total property, including any new improvements, for the current taxable year; and

(iii) the property shall be eligible to receive a credit under this section for the current taxable year and the two succeeding taxable years regardless of the existence or condition of the dwelling.

(2) Neither the calculation of the abatement nor the assessment under this subsection shall include an assessment less than zero.

(j) The Department shall adopt rules and regulations to implement this section.

(k) The tax credit under this section shall be known as the homestead property tax credit.