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By: **Chairman, Ways and Means Committee (By Request - Departmental - Assessments and Taxation)**

Introduced and read first time: January 26, 2006

Assigned to: Ways and Means

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A BILL ENTITLED

1 AN ACT concerning

2 **Property Tax - Credit for Repaired or Reconstructed Dwelling**

3 FOR the purpose of repealing a certain mandatory local tax credit for certain  
4 dwellings that are damaged or destroyed due to a natural disaster; altering the  
5 applicability of a certain property tax exemption for certain dwellings that are  
6 damaged or destroyed due to a natural disaster; creating a certain local option  
7 tax credit for certain dwellings that are damaged or destroyed due to a natural  
8 disaster; authorizing local governments to consider additional eligibility criteria  
9 for a certain local option tax credit; altering a certain date for the repair or  
10 reconstruction of a damaged dwelling for purposes of certain property tax relief;  
11 and generally relating to property tax relief for repaired or reconstructed  
12 dwellings.

13 BY repealing and reenacting, with amendments,  
14 Article - Tax - Property  
15 Section 7-307(b) and 9-109(e)  
16 Annotated Code of Maryland  
17 (2001 Replacement Volume and 2005 Supplement)

18 BY repealing  
19 Article - Tax - Property  
20 Section 9-109.1  
21 Annotated Code of Maryland  
22 (2001 Replacement Volume and 2005 Supplement)

23 BY adding to  
24 Article - Tax - Property  
25 Section 9-243  
26 Annotated Code of Maryland  
27 (2001 Replacement Volume and 2005 Supplement)

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

3 **Article - Tax - Property**

4 7-307.

5 (b) The property tax exemption under this section only applies for a taxable  
6 year in which a property tax credit for the property described in subsection (a) of this  
7 section is granted by the governing body of a county or municipal corporation under §  
8 9-109 [or § 9-109.1] of this article and applies only to the extent that the credit is  
9 granted.

10 9-109.

11 (e) The credit under this section may not be claimed for a dwelling for which  
12 repair or reconstruction is completed[:

13 (1) before September 18, 2003[; or

14 (2) after December 31, 2006].

15 [9-109.1.

16 (a) Subject to subsection (b) of this section, the Mayor and City Council of  
17 Baltimore City and the governing body of each county and of each municipal  
18 corporation shall grant a tax credit under this section against the county or municipal  
19 corporation property tax imposed on real property if:

20 (1) the homeowner is otherwise eligible for the credit allowed under §  
21 9-105 of this subtitle;

22 (2) (i) the dwelling is:

23 1. damaged or destroyed due to a natural disaster; and

24 2. subsequently repaired or reconstructed;

25 (ii) the dwelling is revalued after the dwelling is repaired or  
26 reconstructed; and

27 (iii) as a result of the revaluation, the assessment of the dwelling  
28 exceeds the last assessment of the dwelling; and

29 (3) the homeowner claiming the exemption had a legal interest in the  
30 dwelling at the time the dwelling was damaged or destroyed as described under item  
31 (2) of this subsection.

32 (b) A homeowner may receive a tax credit under this section only if the  
33 homeowner qualified for and received a tax credit under § 9-109 of this subtitle and  
34 is no longer receiving a tax credit under § 9-109 of this subtitle.

1 (c) The amount of the property tax credit allowed under this section shall  
2 equal 50% of the property tax attributable to an increase in the assessment of the  
3 dwelling upon revaluation under § 8-104(c)(1)(iii) of this article, including  
4 improvements, over the last assessment of the dwelling before the natural disaster,  
5 less the amount of any assessment on which a property tax credit under § 9-105 of  
6 this subtitle has been authorized.

7 (d) A credit under this section may not be granted for more than 3 years.

8 (e) The Mayor and City Council of Baltimore City or the governing body of a  
9 county or municipal corporation shall:

10 (1) establish procedures or requirements for the application, review, and  
11 approval of tax credits under this section; and

12 (2) notify the Department of any credits that have been granted under  
13 this section.

14 (f) The credit under this subsection may not be claimed for a dwelling for  
15 which repair or reconstruction is completed:

16 (1) before September 18, 2003; or

17 (2) after December 31, 2006.]

18 9-243.

19 (A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, THE MAYOR AND CITY  
20 COUNCIL OF BALTIMORE CITY OR THE GOVERNING BODY OF A COUNTY OR OF A  
21 MUNICIPAL CORPORATION MAY GRANT A TAX CREDIT UNDER THIS SECTION  
22 AGAINST THE COUNTY OR MUNICIPAL CORPORATION PROPERTY TAX IMPOSED ON  
23 REAL PROPERTY IF:

24 (1) THE HOMEOWNER IS OTHERWISE ELIGIBLE FOR THE CREDIT  
25 ALLOWED UNDER § 9-105 OF THIS TITLE;

26 (2) (I) THE DWELLING IS:

27 1. DAMAGED OR DESTROYED DUE TO A NATURAL DISASTER;

28 AND

29 2. SUBSEQUENTLY REPAIRED OR RECONSTRUCTED;

30 (II) THE DWELLING IS REVALUED AFTER THE DWELLING IS  
31 REPAIRED OR RECONSTRUCTED; AND

32 (III) AS A RESULT OF THE REVALUATION, THE ASSESSMENT OF THE  
33 DWELLING EXCEEDS THE LAST ASSESSMENT OF THE DWELLING; AND

1           (3)     THE HOMEOWNER CLAIMING THE CREDIT HAD A LEGAL INTEREST  
2 IN THE DWELLING AT THE TIME THE DWELLING WAS DAMAGED OR DESTROYED AS  
3 DESCRIBED UNDER ITEM (2) OF THIS SUBSECTION.

4     (B)     A HOMEOWNER MAY RECEIVE A TAX CREDIT UNDER THIS SECTION ONLY  
5 IF THE HOMEOWNER QUALIFIED AND RECEIVED A TAX CREDIT UNDER § 9-109 OF  
6 THIS TITLE AND IS NO LONGER RECEIVING A TAX CREDIT UNDER § 9-109 OF THIS  
7 TITLE.

8     (C)     THE AMOUNT OF THE PROPERTY TAX CREDIT ALLOWED UNDER THIS  
9 SECTION SHALL EQUAL 50% OF THE PROPERTY TAX ATTRIBUTABLE TO AN INCREASE  
10 IN THE ASSESSMENT OF THE DWELLING ON REVALUATION UNDER § 8-104(C)(1)(III)  
11 OF THIS ARTICLE, INCLUDING IMPROVEMENTS, OVER THE LAST ASSESSMENT OF  
12 THE DWELLING BEFORE THE NATURAL DISASTER, LESS THE AMOUNT OF ANY  
13 ASSESSMENT ON WHICH A PROPERTY TAX CREDIT UNDER § 9-105 OF THIS TITLE HAS  
14 BEEN AUTHORIZED.

15    (D)     A CREDIT UNDER THIS SECTION MAY NOT BE GRANTED FOR MORE THAN 3  
16 YEARS.

17    (E)     THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE GOVERNING  
18 BODY OF A COUNTY OR MUNICIPAL CORPORATION MAY:

19           (1)     ESTABLISH PROCEDURES OR REQUIREMENTS FOR THE  
20 APPLICATION, REVIEW, AND APPROVAL OF TAX CREDITS UNDER THIS SECTION;

21           (2)     ESTABLISH ADDITIONAL ELIGIBILITY CRITERIA SUCH AS AGE,  
22 INCOME LEVEL, OR ASSESSMENT VALUE; AND

23           (3)     NOTIFY THE DEPARTMENT OF ANY CREDITS THAT HAVE BEEN  
24 GRANTED UNDER THIS SECTION.

25    (F)     THE CREDIT UNDER THIS SECTION MAY NOT BE CLAIMED FOR A  
26 DWELLING FOR WHICH REPAIR OR RECONSTRUCTION IS COMPLETED BEFORE  
27 SEPTEMBER 18, 2003.

28    SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take  
29 effect June 1, 2006.