

HOUSE BILL 1266

Q3

0lr2374

By: **Delegates Barkley, Bronrott, Gilchrist, Love, Reznik, Rice, and Simmons**
Introduced and read first time: February 18, 2010
Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Homebuyer Tax Credit**

3 FOR the purpose of allowing certain homebuyers a credit against the State income tax
4 for the purchase of a home under certain circumstances; limiting eligibility for
5 the credit based on purchase price of a home and based on income of the
6 homebuyer; providing for the recapture of the credits under certain
7 circumstances; providing that only certain home purchases occurring on or after
8 a certain date and before a certain date qualify for the credits; defining certain
9 terms; providing for the application of this Act; and generally relating to credits
10 against the State income tax for the purchase of certain homes.

11 BY adding to

12 Article – Tax – General

13 Section 10–728

14 Annotated Code of Maryland

15 (2004 Replacement Volume and 2009 Supplement)

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

18 **Article – Tax – General**

19 **10–728.**

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

22 (2) “FIRST–TIME HOMEBUYER” MEANS AN INDIVIDUAL OR A
23 MARRIED COUPLE FILING A JOINT RETURN WHO HAVE NOT OWNED A HOME
24 DURING THE LAST 3 YEARS.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **(3) “HOME” MEANS RESIDENTIAL REAL PROPERTY THAT IS USED**
2 **AS THE PRINCIPAL RESIDENCE OF THE HOMEOWNER.**

3 **(4) “HOMEBUYER” MEANS AN INDIVIDUAL OR A MARRIED**
4 **COUPLE FILING A JOINT RETURN WHO HAVE NOT PURCHASED A HOME DURING**
5 **THE LAST 5 YEARS.**

6 **(5) “MODIFIED FEDERAL ADJUSTED GROSS INCOME” MEANS**
7 **MODIFIED ADJUSTED GROSS INCOME AS DEFINED IN § 36 OF THE INTERNAL**
8 **REVENUE CODE.**

9 **(B) (1) SUBJECT TO THE LIMITATIONS OF THIS SECTION, FOR THE**
10 **TAXABLE YEAR IN WHICH A FIRST-TIME HOMEBUYER PURCHASES A HOME IN**
11 **THE STATE, THE FIRST-TIME HOMEBUYER MAY CLAIM A CREDIT AGAINST THE**
12 **STATE INCOME TAX IN AN AMOUNT EQUAL TO THE LESSER OF:**

13 **(I) 1% OF THE PURCHASE PRICE OF THE HOME; OR**

14 **(II) \$5,000.**

15 **(2) A MARRIED COUPLE FILING A JOINT RETURN MAY NOT CLAIM**
16 **THE CREDIT UNDER THIS SUBSECTION IF EITHER SPOUSE HAS OWNED A HOME**
17 **WITHIN 3 YEARS OF THE DATE OF THE PURCHASE.**

18 **(C) (1) SUBJECT TO THE LIMITATIONS OF THIS SECTION, FOR THE**
19 **TAXABLE YEAR IN WHICH A HOMEBUYER PURCHASES A HOME IN THE STATE,**
20 **THE HOMEBUYER MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN AN**
21 **AMOUNT EQUAL TO THE LESSER OF:**

22 **(I) 1% OF THE PURCHASE PRICE OF THE HOME; OR**

23 **(II) \$3,000.**

24 **(2) A MARRIED COUPLE FILING A JOINT RETURN MAY NOT CLAIM**
25 **THE CREDIT UNDER THIS SUBSECTION IF EITHER SPOUSE HAS PURCHASED A**
26 **HOME WITHIN 5 YEARS OF THE DATE OF THE PURCHASE.**

27 **(3) A HOMEBUYER MAY ONLY CLAIM THE CREDIT UNDER THIS**
28 **SUBSECTION IF THE HOMEBUYER HAS OWNED AND LIVED IN A PREVIOUS HOME**
29 **FOR 5 CONSECUTIVE YEARS DURING THE LAST 8 YEARS.**

30 **(D) (1) THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE**
31 **YEAR MAY NOT EXCEED THE STATE INCOME TAX FOR THAT TAXABLE YEAR,**

1 CALCULATED BEFORE APPLICATION OF THE CREDITS UNDER THIS SECTION AND
2 §§ 10-701 AND 10-701.1 OF THIS SUBTITLE, BUT AFTER APPLICATION OF THE
3 OTHER CREDITS ALLOWABLE UNDER THIS SUBTITLE.

4 (2) THE UNUSED AMOUNT OF THE CREDIT FOR ANY TAXABLE
5 YEAR MAY NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.

6 (E) THE CREDITS UNDER THIS SECTION MAY NOT BE CLAIMED FOR THE
7 PURCHASE OF A HOME THAT HAS A PURCHASE PRICE GREATER THAN \$800,000.

8 (F) (1) AN INDIVIDUAL WHOSE MODIFIED FEDERAL ADJUSTED GROSS
9 INCOME FOR THE TAXABLE YEAR EXCEEDS \$125,000 MAY NOT CLAIM THE
10 CREDITS AUTHORIZED UNDER THIS SECTION.

11 (2) A MARRIED COUPLE FILING A JOINT RETURN WHOSE
12 MODIFIED FEDERAL ADJUSTED GROSS INCOME FOR THE TAXABLE YEAR
13 EXCEEDS \$225,000 MAY NOT CLAIM THE CREDITS AUTHORIZED UNDER THIS
14 SECTION.

15 (G) (1) AN INDIVIDUAL MAY NOT CLAIM THE CREDITS AUTHORIZED
16 UNDER THIS SECTION IF THE INDIVIDUAL:

17 (I) IS UNDER THE AGE OF 18; OR

18 (II) IS CLAIMED AS A DEPENDENT BY ANOTHER TAXPAYER.

19 (2) A HOME PURCHASE IS NOT ELIGIBLE FOR THE CREDITS
20 AUTHORIZED UNDER THIS SECTION IF THE HOME IS PURCHASED FROM A
21 RELATIVE OF THE PERSON CLAIMING THE CREDIT.

22 (H) THE CREDITS CLAIMED UNDER THIS SECTION SHALL BE
23 RECAPTURED IF WITHIN 3 YEARS AFTER THE INITIAL PURCHASE OF THE HOME:

24 (1) THE HOME IS SOLD; OR

25 (2) THE HOME CEASES TO BE THE BUYER'S PRINCIPAL
26 RESIDENCE.

27 (I) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS
28 SUBSECTION, THE CREDITS AUTHORIZED UNDER THIS SECTION MAY ONLY BE
29 CLAIMED FOR THE PURCHASE OF A HOME THAT OCCURS ON OR AFTER JULY 1,
30 2010, AND BEFORE JANUARY 1, 2012.

1 **(2) THE CREDITS AUTHORIZED UNDER THIS SECTION MAY BE**
2 **CLAIMED IF A BINDING HOME SALES CONTRACT IS ENTERED INTO ON OR**
3 **BEFORE DECEMBER 31, 2011, AND THE HOME SALE IS COMPLETED ON OR**
4 **BEFORE MARCH 1, 2012.**

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
6 July 1, 2010, and shall be applicable to all taxable years beginning after December 31,
7 2009.