IN THE MATTER OF REPRESENTATIVE
FORTNEY "PETE" STARK

REPORT
OF THE
COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT

JANUARY 29, 2010.—Referred to the House Calendar and ordered to be printed

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LETTER OF TRANSMITTAL

House of Representatives,
Committee on Standards of Official Conduct,

Hon. LORRAINE C. MILLER,
Clerk, House of Representatives,
Washington, DC.

DEAR MS. MILLER: Pursuant to clauses 3(a)(2) and 3(b) of rule XI of the Rules of the House of Representatives, we herewith transmit the attached Report, “In the Matter of Representative Fortney ‘Pete’ Stark.”

Sincerely,

ZOE LOFGREN,
Chair.

JO BONNER,
Ranking Republican Member.

Hon. LORRAINE C. MILLER,
Clerk, House of Representatives,
Washington, DC.

DEAR MS. MILLER: Pursuant to clauses 3(a)(2) and 3(b) of rule XI of the Rules of the House of Representatives, we herewith transmit the attached Report, “In the Matter of Representative Fortney ‘Pete’ Stark.”

Sincerely,

ZOE LOFGREN,
Chair.

JO BONNER,
Ranking Republican Member.
EXECUTIVE SUMMARY

The Office of Congressional Ethics (OCE) has alleged that Representative Fortney “Pete” Stark violated Maryland criminal tax law and ethics rules of the House of Representatives by intentionally filing a false application for a Maryland property tax credit.

The evidence clearly establishes that Representative Stark did not receive a tax credit as a result of filing an application for the credit. The evidence also establishes that he did not file a false application for the Maryland property tax credit.

Representative Stark did not seek out the Maryland property tax credit. The State of Maryland required every homeowner in Maryland to fill out a form to determine their eligibility for the tax credit.

Therefore, Representative Stark did not violate House ethics rules. Nor did he run afoul of Maryland’s criminal or tax laws.

Since 1977, the State of Maryland has had a property tax credit, called the Homestead Tax Credit (Credit), which limits tax assessment increases on one’s home to 10 percent or less per year. Previously, the Credit could be automatically triggered without a homeowner applying for the Credit whenever property values rose substantially. According to Maryland’s Department of Assessments and Taxation, the Credit was unique in that it was the only tax credit in Maryland’s history for which a taxpayer did not have to apply, and most people did not even know they were receiving the Credit. As a result, the Credit was provided on a widespread basis to homeowners, whether they knew it or not.

In 2007, Maryland enacted a new law requiring all homeowners to submit a one-time application to verify their eligibility or continued eligibility for the Credit. The applications required by the law were mailed to Maryland homeowners in stages. One-third of homeowners received the application in January 2008; one-third of homeowners received the application in January 2009; and the remaining one-third of homeowners received the application in January 2010.

Representative Stark owns a home in Anne Arundel County, Maryland. It is the only home that he owns. He rents living accommodations in his congressional district.

Representative Stark did not receive the Credit for his Maryland home between the time he purchased it in May 1987 and July 1, 2006, because his property taxes did not increase more than 10 percent in one year at any time during that period. However, between July 1, 2006, and June 30, 2009 (i.e., Maryland tax bill years 2007–2009), his property taxes did increase more than 10 percent each year. As a result, the Credit was automatically triggered and applied to Representative Stark’s tax bill for those tax years by
Maryland tax officials, even though he had taken no affirmative action to seek the Credit.

Following passage of the 2007 law, Representative Stark received the Homestead Tax Credit application from Maryland’s Department of Assessments and Taxation in January 2009. In compliance with Maryland’s legal requirement, he submitted the required application electronically in February 2009.

With respect to one question regarding voter registration, Representative Stark’s response, as initially recorded electronically by Maryland, indicated that he was registered to vote at his Maryland property address. This mistaken response was soon corrected in March 2009.

Maryland did not grant a Homestead Tax Credit to Representative Stark as a result of his application. His tax bill, which was issued in July 2009, reflected that Representative Stark received no tax credits whatsoever.

These facts were available to OCE, and in many instances, were known to OCE or in its possession.

The Committee on Standards of Official Conduct (Standards Committee) concludes that OCE conducted an inadequate review, the result of which was to subject Representative Stark to unfounded criminal allegations.

Maryland issues its tax bills on a fiscal basis, which runs from July 1 to the following June 30. OCE failed to acknowledge this key point. As a consequence, OCE erroneously found that Representative Stark received $3,769.79 in tax credits as a result of his Homestead Tax Credit application. OCE relied on an irrelevant document, which was from and issued in the tax year before Maryland mailed Representative Stark the required Homestead Tax Credit application.

A search of the Internet or retrieval of Representative Stark’s publicly available tax bill issued on July 1, 2009, would have made clear that Representative Stark received no tax credit as a result of submitting the required application and that Maryland did not classify his property as a principal residence. The first page of the first document OCE appended to its Findings noted that Maryland had classified Representative Stark’s home as not being a principal residence. OCE’s own summary of its staff’s interview with Maryland tax officials indicated that Maryland had removed any Homestead Tax Credit previously associated with Representative Stark’s Maryland residence (and automatically provided by Maryland tax officials) by May 1, 2009. OCE’s own summary of its staff’s interview with Representative Stark noted that Representative Stark told OCE’s staff that he did not receive a tax credit after he filed the newly required application form.

It is apparent from OCE’s work that they treated Representative Stark inconsistently with the way they treated four other Members of Congress with similar situations whose cases were properly dismissed.

First, OCE ignored a conclusion that it had reached in four similar matters. Maryland’s application form, OCE had previously opined, is vague, unclear and subject to misinterpretation. OCE had concluded previously that the form, as worded, put Members of Congress at risk of making mistakes when filling out the form.
Second, OCE omitted favorable information from Representative Stark’s report that it included in the four other similar cases without explanation. OCE omitted from a witness interview summary, appended to its Findings in Representative Stark’s case, a paragraph that it had included in witness interview summaries of the same interview in every other similar case it reviewed. That paragraph would have been favorable to Representative Stark.

The Standards Committee notes that OCE reported that Representative Stark was belligerent and rude to OCE Staff and videotaped his interview. It is the Standards Committee’s understanding that OCE routinely does not use a court reporter with witnesses.

The Standards Committee finds that Representative Stark provided overall truthful answers and, at the worst, made a mistake when answering one question that had no bearing on the approval of the application. That mistake was corrected before Maryland adjudicated Representative Stark’s application.

In sum, Representative Stark’s responses on his application, taken as a whole, did not establish his eligibility for the Homestead Tax Credit or evince an intent to lie or evade payment of Maryland property taxes. Maryland did not, in fact, grant any tax credits, including the Homestead Tax Credit, to Representative Stark as a result of his application.

Accordingly, the Standards Committee finds that no further action in this matter is warranted. The matter is dismissed and the Standards Committee considers it closed.
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Committee on Standards of Official Conduct

In the Matter of Representative Fortney “Pete” Stark

January 29, 2010

Ms. Lofgren, from the Committee on Standards of Official Conduct, submitted the following Report

I. Background

A. Procedural History

Sometime between the end of May and early June 2009, the Office of Congressional Ethics (OCE) began preliminary reviews into allegations regarding the conduct of Representative Fortney “Pete” Stark and four other Members of Congress. 1 OCE reviews alleged that these Members may have improperly received a property tax credit on homes owned in Maryland in violation of state law. 2

1 OCE’s records are conflicting regarding the exact date that OCE authorized and initiated its preliminary review regarding Representative Stark. In a letter to the Standards Committee on June 2, 2009, OCE stated that the Board had initiated a preliminary review without specifying when OCE’s Board authorized it. See COS. 0001 (Letter from David E. Skaggs (Chair of OCE’s Board) and Porter J. Goss (Co-Chair of OCE’s Board), to Chair Zoe Lofgren and Ranking Republican Member Jo Bonner of the Committee on Standards of Official Conduct, June 2, 2009). However, in another letter from OCE to Rep. Stark on June 5, 2009, OCE stated that OCE’s Board authorized a preliminary review on May 29, 2009, and that it would initiate such review on June 5, 2009. See COS. 0002–0003 (Letter regarding request for information from Leo Wise (Staff Director and Chief Counsel to OCE) to Rep. Pete Stark, June 5, 2009). And, finally, OCE’s Report and Findings in this matter (OCE’s Review No. 09–9030) states that OCE’s Board authorized and initiated a preliminary review on June 5, 2009. See OCE Findings ¶6. The documents designated with “COS.” numbers constitute the documents collected by the Standards Committee in the course of its investigation. Pertinent portions of the documents collected by the Standards Committee can be found at Appendix A. The Standards Committee notes that certain personal information, such as home addresses and other private information, has been redacted from the documents collected by the Standards Committee. The Standards Committee has redacted this information based on privacy considerations and because the information is irrelevant to any question at issue in this Report. OCE’s Report (Report) and Findings of Fact and Citations to Law (Findings) in this matter can be found at Appendix B.

2 Three of the Members represented a state other than Maryland and one represented a district in Maryland.
On June 26, 2009, four members of OCE’s Board voted to terminate all of the reviews except for the one regarding Representative Stark. Representative Stark’s situation was not materially distinguishable from the terminated matters, yet in contrast to the other matters, OCE’s Board, on June 26, 2009, voted to initiate a second-phase review with respect to the matter involving Representative Stark.

On August 5, 2009, OCE’s Board voted to extend the second-phase review concerning Representative Stark for an additional 14 days. It also forwarded to the Committee on Standards of Official Conduct (Standards Committee) the reports and findings for the terminated matters. OCE’s cover letter to those terminated matters highlighted that its reviews uncovered several facts about the manner in which Maryland administers the Homestead Tax Credit that, in its judgment, “place Members of Congress who own homes in Maryland at risk of being accused of improperly receiving the credit at no fault of their own.” No apparent explanation has been offered by OCE as to why this fact did not protect Representative Stark.

By OCE’s count, the second-phase review ended on August 28, 2009. OCE’s Board adopted findings and voted to refer only the matter involving Representative Stark to the Standards Committee for further review on October 23, 2009. Three weeks later, OCE transmitted to the Standards Committee a report and findings (OCE Report and Findings) on November 12, 2009, which contained OCE’s findings adopted earlier and recommended further review of allegations involving Representative Stark.

In mid-November 2009, the Standards Committee sent OCE’s Report and Findings to Representative Stark to provide him with an opportunity to respond to OCE’s allegations. Representative Stark’s counsel submitted a response on December 1, 2009, which Representative Stark formally adopted by oath or affirmation. On December 24, 2009, the Chair and Ranking Republican Member of the Standards Committee issued a statement announcing they had jointly decided to extend the Committee’s consideration of OCE’s transmittal for a 45-day period.
B. SUMMARY OF OCE’S ALLEGATIONS

OCE’s Report and Findings asserted that Representative Stark may have violated Maryland state law and the Code of Ethics for Government Service by intentionally misrepresenting information on an application to establish his eligibility for a property tax credit, the Homestead Tax Credit (Credit), for a house that he owns in Maryland.11 Maryland provides the Credit to homeowners who can establish that the home is their “principal residence.” “Principal residence” is defined as the location where a homeowner is registered to vote, among other criteria.12 OCE asserted that Representative Stark misrepresented that he was registered to vote in Maryland on his application for the Credit, even though he is registered to vote in California.13 By doing so, OCE claimed that Representative Stark received $3,769.79 in Homestead Tax Credits in 2009.14

C. SUMMARY OF REPRESENTATIVE STARK’S RESPONSE TO OCE’S ALLEGATIONS

In his response to OCE’s Report and Findings, Representative Stark asserted that he violated no laws or applicable standards of conduct. Rather, he contended that OCE’s allegations were fundamentally flawed. Representative Stark raised four main arguments to OCE’s allegations.

First, Representative Stark claimed that he did not indicate on his electronically-filed application that he was registered to vote in Maryland to establish eligibility for the Credit.15 Representative Stark responded to OCE’s allegation of “intentional misrepresentation” as “nonsensical,” given that other responses on his application showed that he did not fully meet the requirements to receive the Credit.16 Further, Representative Stark asserted that Maryland may have made an electronic data-entry error in compiling his online response, or that he may have mistakenly indicated his voter registration in his application.17 Because either of these scenarios is a more plausible explanation of the mistake, OCE’s conclusion that Representative Stark committed an intentional misrepresentation was in error, according to him.18

Second, Representative Stark asserted that OCE’s allegations were factually flawed because he did not, in fact, receive a Homestead Tax Credit as a result of his application.19 Rather, Maryland ultimately determined he was not eligible.20

Third, despite Maryland’s denial of his application, Representative Stark maintained that he nonetheless may be eligible for the Credit because his Maryland home is the only home that he owns.21

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12 OCE Findings ¶ 1.
13 Id. at ¶¶ 2–3, 15.
14 Id. at ¶¶ 1–3, 15, 20.
16 Id.
17 Id.
18 Id.
19 Id. at 3.
20 Id.
21 Id. Representative Stark rents living accommodations in his congressional district. See id. at 3, n.3.
Fourth, Representative Stark raised procedural arguments that OCE violated its obligation to complete its review in a timely manner and refer this matter to the Standards Committee within 89 days as is required by OCE’s authorizing resolution. As such, OCE transmitted its Report and Findings after the matter terminated, rendering it legally invalid.

II. JURISDICTION OF THE STANDARDS COMMITTEE

House Rule XI, clause 3(a)(2) vests jurisdiction over the matters addressed in this Report with the Standards Committee. The Standards Committee may investigate any alleged violation by a Member, officer, or employee of the House of Representatives of the Code of Official Conduct or of any law, rule, regulation, or other standard of conduct applicable to the conduct of such Member, officer, or employee. Sole and exclusive authority over the interpretation and enforcement of the Code of Official Conduct lies with the Standards Committee.

The Standards Committee conducted its investigation in this matter pursuant to Standards Committee Rule 18(a), which authorizes the Standards Committee to consider any information in its possession indicating that a Member, officer, or employee may have committed a violation of the Code of Official Conduct or any law, rule, regulation, or other standard of conduct applicable to the conduct of such Member, officer, or employee. The instant Report is authorized under House Rule XI, clause 3(a)(2), which obligates the Standards Committee to report to the House its findings of fact and recommendations, if any, for the final disposition of any investigation and action as the Standards Committee may consider appropriate under the circumstances; and House Rule XI, clause 3(b)(8)(A), which authorizes the Standards Committee to report on matters forwarded to the Standards Committee by OCE.

III. FACTUAL FINDINGS

The Standards Committee reviewed the matter discussed in OCE’s Report and Findings without prejudice or presumptions as to the merits of the allegations. As such, the Standards Committee’s findings and conclusions with regard to Representative Stark were informed by, but made independent of, OCE’s Report and Findings.

A. BACKGROUND INFORMATION ON REPRESENTATIVE STARK

Since January 1973, Representative Stark has represented the 13th Congressional District of California. As would be expected
with this position, Representative Stark is registered to vote in California.\(^\text{27}\) He pays California resident taxes.\(^\text{28}\) He has a California driver’s license.\(^\text{29}\) With respect to living arrangements, Representative Stark rents accommodations in his district, and has owned a home in Harwood, Anne Arundel County, Maryland, since May 1987.\(^\text{30}\) Representative Stark does not occupy or own any other residential properties.\(^\text{31}\)

**B. THE MARYLAND HOMESTEAD TAX CREDIT**

Since 1977, Maryland’s Homestead Tax Credit Program has existed to help homeowners pay large state and county tax assessment increases on properties that qualify as their “principal residences.”\(^\text{32}\) The Credit limits taxable assessment increases each year to 10 percent or less.\(^\text{33}\) A “principal residence” is defined as the “one dwelling where the homeowner regularly resides and is the location designated by the owner for the legal purposes of voting, obtaining a driver’s license, and filing income tax returns.”\(^\text{34}\)

In October 2007, the Maryland General Assembly passed a new law requiring all homeowners to submit a one-time application to verify whether a homeowner should receive or continue to receive the Credit.\(^\text{35}\) Through experience administering the program over the years, the Maryland Department of Assessments and Taxation (MDAT) learned that many homeowners who did not meet the requirements for the Credit were nonetheless receiving it, whether they knew it or not, particularly with respect to rented or vacation properties.\(^\text{36}\) Indeed, in explaining the basis for the new law, MDAT’s Director noted that the Credit was “unique” because “it is the only tax credit in the history of the state that you did not have to apply for * * * so most people didn’t even know they were getting the credit.”\(^\text{37}\) Thus, the purpose of the new law was to ensure that homeowners were properly receiving these tax credits and to prevent substantial losses in tax revenue.\(^\text{38}\) The new law directed
MDAT to establish an application process to verify that homeowners qualify for the Credit on their one “principal residence.”

Robert E. Young is the Deputy Director of MDAT. Since 1978, Mr. Young has been an employee of MDAT and has overseen the Homestead Tax Credit Program.

When interviewed by the Standards Committee, Mr. Young explained that MDAT informed all homeowners of the affirmative obligation to apply for the Credit by mailing applications to all Maryland homeowners with updated assessment notices over a three year period. Beginning on January 1, 2008, MDAT mailed the first set of applications to one-third of Maryland homeowners. On January 1, 2009, and January 1, 2010, respectively, MDAT mailed applications to the remaining two-thirds of Maryland homeowners.

MDAT’s cover letter to these mailings informed homeowners that they could submit a completed application through the mail or electronically on MDAT’s Web site.

To evaluate eligibility to receive the Credit, the application requires that a homeowner answer “yes” or “no” to five questions that closely parallel the definition of “principal residence.” Those questions ask, in relevant part: (1) Will the real property address identified on the application be used as the single, principal residence of the homeowner for more than six months of the calendar year, including July 1; (2) is the real property address identified on the application the address where the homeowner expects to file his or her next federal and Maryland income tax returns; (3) is the real property identified on the application the address from which the homeowner has received a driver’s license; (4) is the real property identified on the application the address at which the homeowner is registered to vote; and (5) is any portion of the principal residence rented? A homeowner will automatically receive the Credit without further inquiry if he or she answers “yes” to all of the first four questions.

C. REPRESENTATIVE STARK’S APPLICATION FOR THE HOMESTEAD TAX CREDIT

On or about January 1, 2009, MDAT mailed to Representative Stark’s Maryland address an application for the Credit, along with his assessment notice. MDAT’s electronic business records document...
ment that Representative Stark submitted a completed application for the Credit through MDAT's on-line submission process on February 6, 2009.49 A print-out of Representative Stark's electronically-filed application from MDAT's electronic business records indicated that he answered “yes” to Question 1 (principal residence for more than six months during the year), Question 2 (location for filing income tax returns), and Question 4 (voter registration).50 He answered “no” to Question 3 (driver’s license) and Question 5 (residence rented).51

With respect to Question 2, Representative Stark filed his California resident and Maryland non-resident income tax returns for 2008 from his Maryland address.52 He did the same for his Federal income tax return for 2008.53

With respect to Question 4, MDAT's electronic business records apparently show that Representative Stark contacted MDAT in mid-March 2009, and requested that his answer be changed to a “no” response.54 The MDAT employee who received this call and made this entry purportedly told her supervisor.55 The supervisor, in turn, informed Mr. Young, who is her boss.56 Mr. Young did not speak with Representative Stark about this purported request.57 Nor did he have any further discussion with any MDAT employee about this purported telephone call.58

D. MDAT’S ACTION ON REPRESENTATIVE STARK’S APPLICATION

MDAT did not find Representative Stark eligible for the Credit.59 MDAT likely found his application ineligible for the Credit by the

49 Int. of Robert Young by Standards Committee Staff; COS. 0009 (printed from MDAT electronic records regarding Rep. Stark on January 4, 2010).
50 Int. of Robert Young by Standards Committee Staff; COS. 0010 (printed from MDAT electronic records regarding Rep. Stark on January 4, 2010).
51 Id.
52 OCE Findings ¶ 32; Bates Nos. 09–9030–0024 and 09–9030–0026, which are appended to OCE’s Findings.
53 Id. of Robert Young by Standards Committee Staff.
54 See COS. 0011 (printed from MDAT electronic records regarding Rep. Stark on January 4, 2010); OCE Findings ¶ 28. Mr. Young told the Standards Committee Staff that the notations in this document about contacting him and not answering questions are solely meant to remind MDAT employees that tax informative is sensitive personal data and that only certain officials are authorized to respond to questions regarding such information. Int. of Robert Young by Standards Committee Staff.
55 Id. of Robert Young by Standards Committee.
56 Id. Mr. Young stated further that he did not know whether that information was accurate, but that is what he was told happened. Id. This is a classic “double hearsay” issue with respect to veracity of the conversations alone (and not including the underlying electronic entry of the phone call). Additionally, Representative Stark does not acknowledge such contact with MDAT in his response to the OCE Report or in his interview with OCE. See Rep. Stark Resp. to OCE Report and Findings at 2, n.1; OCE Findings ¶ 35. Representative Stark’s initial answer to this question and whether he later called MDAT regarding his response to this question are unclear. However, it is unnecessary for the Standards Committee to untangle these issues because whether Representative Stark did indeed make such a phone call or not is immaterial in light of the totality of factual findings and conclusions reached by the Committee in this matter. There would be nothing discreditable, in any event, in Representative Stark making an effort to correct an error.
57 Int. of Robert Young by Standards Committee Staff.
58 Id. Given the volume of issues that Mr. Young is responsible for addressing, he added that this purported phone call was not something that he would have taken any special interest in unless it later became an issue. Id.
59 Int. of Robert Young by Standards Committee Staff.
end of March 2009, although OCE’s Staff was told by MDAT that it removed the Credit associated with Representative Stark’s Maryland residence on May 1, 2009. In any event, MDAT unquestionably disapproved of his eligibility before June 2009, when MDAT provided counties with electronic updates to ensure that tax bills contained current assessment and tax credit information. In Anne Arundel County, Maryland, tax bills were issued on July 1, 2009.

Representative Stark’s property tax bill, which was issued on July 1, 2009, did not contain a Credit. Indeed, it contained no tax credit whatsoever. The notation of “NOT A PRINCIPAL RESIDENCE” on Representative Stark’s tax bill highlighted that he did not receive any homestead tax benefit for the period July 1, 2009, through June 30, 2010. Representative Stark, therefore, “never received a homestead tax credit for the application which he submitted on-line.”

Furthermore, if Representative Stark had not responded to Maryland’s requirement to submit an application, he would have continued to receive the Credit until December 2012.

E. OCE’S INTERACTION WITH REPRESENTATIVE STARK

In June 2009, OCE requested information from Representative Stark regarding his application for the Credit. Representative Stark could not locate a copy of his electronically-filed application. In lieu of an exact copy, Representative Stark, in mid-June 2009, provided OCE with the application filled out by hand, which represented his best recollection of how he filled out the on-line form.

On July 29, 2009, Representative Stark voluntarily agreed to an interview with OCE’s Staff. The interview did not go smoothly. OCE’s Staff claimed that Representative Stark was “belligerent” and “frequently insulted them.” They also indicated that Rep-
representative Stark was videotaping the interview and demanded a copy of the tape.\footnote{See OCE Findings ¶ 36; Bates No. 09–9030 _0029, ¶8; Bates No. 09–9030 _0031–0033, which are appended to OCE’s Findings. While Representative Stark appears to have acknowledged receipt of OCE’s request, he did not substantively respond to it. See Bates No. 09–9030 _0035, which is appended to OCE’s Findings.}

During the interview with OCE’s Staff, Representative Stark was shown a copy of a print-out of his electronically-filed application, which OCE obtained from MDAT.\footnote{See OCE Findings ¶ 35; Bates No. 09–9030 _0029, ¶5, which is appended to OCE’s Findings.} Representative Stark could not explain why his response in the on-line version pertaining to voter registration differed from his recollection of his response, but acknowledged that these responses differed, according to OCE’s interview memorandum.\footnote{See id.} Representative Stark did not concede during the OCE interview that he contacted MDAT to change his response to the voter registration question.\footnote{See OCE Findings ¶ 34; Bates No. 09–9030 _0028, ¶3, which is appended to OCE’s Findings.}

During the interview with OCE’s Staff, Representative Stark stated that he did not receive a Credit after filing the application on-line.\footnote{OCE Rule 9A.}

IV. DISCUSSION

A. OVERVIEW

The Standards Committee finds that Representative Stark did not intentionally misrepresent information on his application, or attempt to evade the payment of Maryland property taxes by misrepresenting such information, in violation of Maryland law. Based upon the facts gathered during the Standards Committee’s independent investigation as fully discussed below, the Standards Committee found that Representative Stark did not receive a Maryland Homestead Tax Credit as a result of the application that he was required to file. His responses, taken as a whole, did not establish his eligibility for the Credit or evince an intent to lie or evade payment of Maryland property taxes, and MDAT did not, in fact, grant him any tax credit, including the Homestead Tax Credit.

As a result, the Standards Committee finds that Representative Fortney “Pete” Stark did not violate any laws or other applicable standards of conduct in connection with his application for a Maryland Homestead Tax Credit, and that no further action is warranted in this matter.

The Standards Committee further finds that OCE’s determination that there is a “substantial reason to believe” the allegations that Representative Stark, by his conduct relating to his Credit application, may have violated Maryland law, House Rules, or other applicable standards of conduct was in error and not supported by the “information then known to the Board.”\footnote{OCE Rule 9A.} Accordingly, the Standards Committee finds that no further action against Representative Stark is warranted and that the matter should be dismissed.
B. SPECIFIC LEGAL PROVISIONS OR STANDARDS OF CONDUCT

OCE’s Report and Findings stated that Representative Stark may have violated the following legal provisions or standards of conduct.

1. Willfully Providing False Information or Answer (Section 14–1004 of Maryland Code)

Section 14–1004(a) of the Maryland Code provides:

A person who willfully or with intent to evade payment of a tax under this article or to prevent the collection of a tax under this article provides false information or a false answer to a tax interrogation under this article is guilty of a misdemeanor and on conviction is subject to a fine not exceeding $5,000 or imprisonment not exceeding 18 months or both.80

(a) Elements and Standard of Proof to Establish a Violation

To prove a criminal violation of Section 14–1004(a) of the Maryland Code in connection with an application for a Homestead Tax Credit, it must be shown, beyond a reasonable doubt, that an accused: “willfully” or with intent to evade payment of or prevent the collection of a tax provided false information or answers on his or her Credit application. Under Maryland criminal law, the term “willful” is accorded the meaning provided by federal courts interpreting this term in federal criminal tax provisions.81 Therefore, “willfulness” may be established through proof of a “voluntary, intentional violation of a known legal duty, not the result of accident or mistake or other innocent cause.”82

(b) Applicable Elements and Standards of Proof to Establish Alleged Criminal Violations in Standards Committee Proceedings

Liability for a violation of Section 14–1004(a) of the Maryland Code requires proof, beyond a reasonable doubt, that the accused acted with the requisite intent to commit the act and knowledge that the act is a violation of the law. However, it has been long established that this Committee need not adhere strictly to general criminal law standards that require proof of the requisite intent to establish a violation to appropriately execute its responsibilities in the non-criminal disciplinary context.83 Rather, the Code of Official Conduct and Code of Ethics for Government Service make clear that “Members of Congress are expected to adhere to standards of conduct far more demanding than the bare minimum standards established by our criminal laws.”84

82 Id; see also Cheek v. United States, 498 U.S. 192, 201 (1991) (declaring that Supreme Court precedent conclusively establishes that the standard to meet the statutory “willfulness” requirement in criminal tax offenses is the “voluntary, intentional violation of a known legal duty”) (citing United States v. Pomponio, 429 U.S. 10, 23 (1976); United States v. Bishop, 412 U.S. 346, 360 (1973)).
84 Id.
2. Evasion of Laws (Paragraph 2 of Code of Ethics for Government Service)

Paragraph 2 of Code of Ethics for Government Service provides:

Any person in Government Service should: * * *

Paragraph 2: Uphold the Constitution, laws, and legal regulations of the United States and of all governments therein and never be a party to their evasion.85

(a) Elements and Standard of Proof to Establish a Violation

A Member who violates a state criminal statute or seeks to evade the requirements of a state’s tax law may be found to have violated standards of conduct applicable to Members of Congress under Paragraph 2 of the Code of Ethics for Government Service.86

As fully shown below, Representative Stark’s conduct did not violate Maryland law under traditional criminal standards or under the more lenient standards applicable to the Standards Committee’s review of alleged criminal misconduct. Nor does the evidence suggest that Representative Stark intended or attempted to evade payment of Maryland property taxes by providing false information.

C. THE RECORD UNEQUIVOCALLY SHOWS THAT REPRESENTATIVE STARK DID NOT BREAK ANY LAWS OR ENGAGE IN ANY IMPROPER CONDUCT

1. The Record Shows That the Homestead Credit Application Was Unclear

From its reviews of other Members who had been given the Credit, OCE determined that the Credit application was unclear. In its review of this matter, OCE also noted that the wording of Question 2 is vague because it allows a homeowner to answer “yes” if he or she files a non-resident tax return from the Maryland property address, as Representative Stark did, despite MDAT’s intent that this question only apply to a Maryland resident tax return.87 Moreover, in its reviews of other Members, OCE’s Staff expressed that the application was confusing in more direct terms.88

OCE’s observations regarding the ambiguity on the application were omitted from the interview memorandum of MDAT officials only in Representative Stark’s matter, despite the fact that the interview was of the same witnesses, and occurred on the same
date and time.\textsuperscript{89} OCE's Report and Findings offered no statement identifying or explaining the omission of this paragraph in this matter, but the paragraph was included in all other interview memoranda of the MDAT officials in the matters that OCE terminated.

It is a fundamental axiom of our jurisprudence that the due process clause requires that “all are entitled to be informed as to what the State commands or forbids.”\textsuperscript{90} Laws must “give the person of ordinary intelligence a reasonable opportunity to know what is prohibited, so that he may act accordingly. Vague laws may trap the innocent by not providing fair warning.”\textsuperscript{91}

The determination that the underlying requirement at issue (i.e., the Homestead Tax Credit application) is vague would make it difficult to draw the conclusion that a “willful” violation subject to criminal sanctions had been committed. Under such circumstances, the requisite intent to commit the act with knowledge that it is a violation cannot be present.\textsuperscript{92}

Moreover, OCE's conclusion that there is a substantial reason to believe that a “willful” violation was committed is at odds with its overall conclusion reached in its reviews of other Members. From those reviews, it reached the overall judgment that the manner in which Maryland administers the Homestead Tax Credit places “Members of Congress who own homes in Maryland at risk of being accused of improperly receiving the credit at no fault of their own.”\textsuperscript{93} Such a characterization is the antithesis of the standard required to demonstrate a “willful” violation under Maryland laws.\textsuperscript{94}

2. The Record Shows That Representative Stark Provided Truthful Answers

The record demonstrates that Representative Stark provided overall truthful answers and, at most, made an inadvertent mistake regarding his voter registration response, which was soon corrected. His answers, when viewed in total and in context, evince no intent to lie or evade payment of a tax. Correcting an error is not misconduct.

First, the facts show that Representative Stark truthfully answered Question 1 on his application regarding his Maryland home being his primary home. Representative Stark owns only one home, which is in Maryland, and rents accommodations in his congressional district.\textsuperscript{95} Under these circumstances, the record plainly shows that Representative Stark's Maryland home could have been viewed

\textsuperscript{89}\textit{Compare} Bates Nos. 09–9030 0028–0029, ¶ 2, appended to OCE’s Findings (OCE Staff's interview memorandum of MDAT officials pertaining to Representative Stark) with COS. 0018–0030 ¶ 2. (OCE Staff's interview memoranda of MDAT officials pertaining to other Members). Except for Representative Stark, OCE's interview memoranda pertaining to other Members contained identical text in Paragraphs 1 through Paragraph 11, and then noted fact-specific issues for each Member. \textit{Compare} Bates Nos. 09–9030 0028–0029, appended to OCE’s Findings with COS. 0018–0030.


\textsuperscript{92}If the application is vague or unclear, then one cannot have “fair warning” to willfully run afoul of what is prohibited. \textit{See City of Rockford}, 408 U.S. at 108; \textit{see also Satellite Broadcasting Co. v. FCC}, 824 F.2d 1, 3 (D.C. Cir. 1987) (holding that traditional concepts of due process and fair warning apply to administrative applications required by agencies).

\textsuperscript{93}See COS. 0004.

\textsuperscript{94}\textit{See Johnson,} 451 A.2d at 332 (“willfulness” is the voluntary, intentional violation of a known legal duty, not the result of accident or mistake or other innocent cause).

\textsuperscript{95}See Rep. Stark Resp. to OCE Report and Findings at 3, n.3; OCE Findings ¶ 19.
as his single principal residence as this term is commonly understood.

Second, the facts demonstrate that Representative Stark truthfully answered Question 2 on his application, as that question is worded, regarding the filing of income tax returns from his Maryland property address. Representative Stark filed his Federal income tax returns for 2008, and his California resident and Maryland non-resident income tax returns for 2008 from his Maryland address.96

Third, the facts further show that Representative Stark truthfully answered Question 3 on his application relating to his California driver's license.97

At its core, OCE's conclusion rests solely upon the claim that Representative Stark "falsely" certified his response to Question 4 on the application to receive the Credit.98 This claim is not borne out by the facts. First, Representative Stark did not recall initially providing an affirmative response in his on-line application to this question, but acknowledged that such a response would be a mistake.99 Second, Representative Stark's on-line response to this question was changed to a "no" response before MDAT formally found his application ineligible for the Credit.100 Nonetheless, OCE appears to infer an intent to lie or evade tax payments from the fact that MDAT changed Representative Stark's response to this question two days after an article was published in the New York Times on March 14, 2009, regarding Representative Eliot Engel, who allegedly received the Credit.101 Even if true, there are no facts to show that this action was not the product of a mistake being discovered. Moreover, OCE did not draw similar inferences regarding other Members, after learning during its other reviews that some Members contacted MDAT contemporaneously with the publication of the article in the New York Times to allegedly remove the Credit associated with their homes. Yet in this matter, which merely involved a change to one response before any official determination was made, OCE did draw such an inference. Third, if both Maryland voting status and a Maryland driver's license were absolute legal requirements for the tax credit, as OCE described in its Findings, it would be nonsensical for Representative Stark to claim one but not the other if his true intent was to purposefully provide false answers to evade tax payments.102 Any reading of the above facts leads to the conclusion that, at most, Representative Stark made a mistake when answering this question, which has the "least probative value" in MDAT review.103 This mistake or inadvertent error was soon corrected after he sub-

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96 See Int. of Robert Young by Standards Committee Staff; OCE Findings ¶ 32; Bates Nos. 09–9030_0024 and 09–9030_0026, which are appended to OCE's Findings.
97 OCE Findings ¶ 33.
99 See OCE Findings ¶ 35; Bates Nos. 09–9030_0029, ¶ 7, appended to OCE Findings.
100 See COS. 0011 (printed from MDAT electronic records regarding Rep. Stark on January 4, 2010). While Representative Stark does not acknowledge he contacted MDAT, his response in MDAT's electronic records was nonetheless changed to the correct response.
101 See OCE Findings ¶ 29; Bates Nos. 09–9030_0021–0022, appended to OCE Findings.
103 See Int. of Robert Young by Standards Committee Staff (stating that Question 4 pertaining to voter registration "has the least probative value" in MDAT's review because there are many acceptable explanations why someone may not be registered to vote at the particular address).
mitted his on-line application and well before MDAT officially made its determination on his application.\textsuperscript{104}

Mere mistakes or negligence fall far short of the requirement to prove a “willful” violation.\textsuperscript{105} Representative Stark’s answers overall also demonstrate that he did not violate the more demanding standards of conduct applied in Standards Committee proceedings. However, the record further shows that the totality of Representative Stark’s responses were truthful and, when viewed properly in context, show no intent to lie or evade tax payments.

On this basis alone, OCE’s allegations are not sustained. However, as discussed below, the record shows that OCE erroneously concluded that Representative Stark received tax benefits as a result of his Credit application. He did not.

3. The Record Shows That Representative Stark Did Not Receive a Tax Credit Based on His Application

The Standards Committee’s independent investigation conclusively established that Representative Stark received no tax benefits as a result of his electronically-filed application for the Credit in February 2009. MDAT did not grant Representative Stark’s application and his “application never resulted in his actually receiving a homestead tax credit for any tax year after its submission.”\textsuperscript{106} MDAT unquestionably disapproved of his eligibility before June 2009, when MDAT provided counties with electronic updates to ensure that tax bills contained current assessment and tax credit information.\textsuperscript{107} Indeed, Representative Stark’s property tax bill, issued on July 1, 2009, evidences that he received no Credit or tax benefit of any kind as a result of his application.\textsuperscript{108} OCE’s allegations are thus unfounded. Moreover, the record shows that OCE had evidence in its possession to prove this fact.

OCE was in error when it asserted that, “in calendar year 2009, the year directly affected by his answers on the 2008 application, Representative Stark received $3,769.79 in state and county tax [homestead] credits,” based on a document printed on May 5, 2009.\textsuperscript{109}

The May 5 document that OCE relied upon for this assertion is for bill year 2009, not calendar year 2009.\textsuperscript{110} Maryland issues its tax bills on a fiscal basis, which runs in Maryland from July 1 to the following June 30.\textsuperscript{111} Therefore, bill year 2009 in the document relied upon by OCE corresponded to fiscal year 2009, which began on July 1, 2008. In other words, the bill was issued to Representative Stark on July 1, 2008, before MDAT even mailed an application to Representative Stark for the Credit on January 1, 2009.\textsuperscript{112} As noted earlier, the Credit was automatically triggered and applied to Representative Stark’s tax bill in bill years 2007–2009 by Maryland tax officials because his assessments increased by more

\textsuperscript{104}Int. of Robert Young by Standards Committee Staff.
\textsuperscript{105}See Johnson, 451 A.2d at 332 (“willfulness” is the voluntary, intentional violation of a known legal duty, not the result of accident or mistake or other innocent cause).
\textsuperscript{106}Int. of Robert Young by Standards Committee Staff.
\textsuperscript{107}Id.
\textsuperscript{108}COS. 0017.
\textsuperscript{109}OCE Findings ¶ 20; Bates No. 09–9030 _0005, which is appended to OCE’s Findings. See also OCE Findings ¶ 1.
\textsuperscript{110}See Bates No. 09–9030 _0005, which is appended to OCE’s Findings.
\textsuperscript{111}Int. of Robert Young by Standards Committee Staff; see also COS. 0012–0015.
\textsuperscript{112}See COS. 0031 (Rep. Stark’s tax bill issued for fiscal year 2009, which runs from July 1, 2008–June 30, 2009, containing homestead tax credits of $3,769.79).
than 10% per year, even though he had taken no affirmative action to seek the Credit during that time.\textsuperscript{113}

Additionally, OCE's allegations are inconsistent with the available evidence. First, MDAT had removed any Credit associated with Representative Stark's Maryland residence by May 1, 2009, as documented in OCE's interview memorandum.\textsuperscript{114} OCE omitted this fact from the body of its Findings.\textsuperscript{115} Second, the very first page of the exhibit that OCE relied upon for its erroneous conclusion shows that MDAT had highlighted that Representative Stark's Harwood, Maryland, home was not his “principal residence” as of May 6, 2009.\textsuperscript{116} This means that Representative Stark would not and did not receive any Credit in July 2009. Last, Representative Stark reiterated to OCE that MDAT found he was not eligible for the Credit approximately one month after MDAT told OCE the same thing.\textsuperscript{117} These consistent statements from MDAT and Representative Stark regarding the disposition of Representative Stark’s application should have made clear that, as MDAT told the Standards Committee, Representative Stark’s “application never resulted in his actually receiving a homestead tax credit for any tax year after its submission.”\textsuperscript{118}

\textbf{V. CONCLUSIONS}

In view of the Standards Committee’s findings of fact in Section III, and conclusions reached applying those findings in Section IV, the Committee finds that no further action is warranted. The matter is dismissed and the Standards Committee considers it closed.

The Chair is directed upon providing the required notice to Representative Stark and OCE, pursuant to House Rule XI, Clause 3(b)(8)(A), and Committee Rule 17A(a)(2), to file the instant Report with the House, together with Representative Stark’s response and a copy of OCE’s Report and Findings in this matter, both of which are made a part of this Report and appended hereto.\textsuperscript{119} The filing of the instant Report, along with its publication on the Standards Committee’s Web site, shall serve as publication of OCE’s Report and Findings, pursuant to House Rule XI, Clause 3(b)(8)(A), and Committee Rule 17A(b)(3) and 17A(c)(2). No other version of OCE’s Report and Findings is authorized and any publication of OCE’s Report and Findings independent of the instant Report is not authorized.\textsuperscript{120}

\textbf{VI. STATEMENT UNDER RULE 13, CLAUSE 3(c) OF THE RULES OF THE HOUSE OF REPRESENTATIVES}

The Standards Committee made no special oversight findings in this report. No budget statement is submitted. No funding is authorized by any measure in this report.

\begin{itemize}
  \item See supra n.47.
  \item See Bates No. 09–9030 0009, ¶ 12, which is appended to OCE’s Findings.
  \item Instead, OCE included this significant fact in the last sentence that begins with the New York Times article discussed above. See id.
  \item See Bates No. 09–9030 0002, which is appended to OCE’s Findings.
  \item See OCE Findings ¶ 34; Bates No. 09–9030 0028, ¶ 3, which is appended to OCE Findings.
  \item Int. of Robert Young by Standards Committee Staff.
  \item House Rule XI, clauses 3(a)(2) and 3(b).
  \item See House Rule XI, clause 3(b)(8)(A); Standard Committee Rule 17A; and H. Res. 895, Section 1, clause 10.
\end{itemize}
Appendix A
Documents Collected by the Committee on Standards of Official Conduct
June 2, 2009

Honorable Zoe Lofgren, Chair
Committee on Oversight of Official Conduct
H22, The Capitol
Washington, DC 20515

For: Review No. 02-307D

Dear Chair Lofgren and Ranking Member Bonner:

This letter serves to provide notice that the Board of the Office of Congressional Ethics (OCE) has referred a preliminary opinion to the alleged misleading statement by Representative Peter Stark, pursuant to H. Res. 584, Section 1, clause (c)(3)(A) of the 110th Congress, sponsored by H. Res. 5 of the 111th Congress, and Rule 7 of the OCE's Rules for the Conduct of Investigations. Below is a statement of the nature of the review:

The Board has determined that Representative Stark's statement may have violated Maryland state law and House Rule XX.

The Board reserves the authority to address any additional, related potential violations within its jurisdiction that may be discovered in the course of this review.

Sincerely,

David E. Stanga

[Signature]

[Signature]
June 5, 2009

Honorable Pete Stark
259 Cannon Bldg.
Washington, DC 20515

REQUEST FOR INFORMATION

Re: Review No. 09-0090

Dear Congressman Stark:

This Request for Information is pursuant to a Preliminary Review authorized by the Board of the Office of Congressional Ethics (OCE) on May 29, 2009. The Review shall initiate on June 5, 2009.

In accordance with Rule 7(D) and 7(E) of the Office of Congressional Ethics' Rules for the Conduct of Investigations ("OCE Rules"), a preliminary report must be completed and delivered to the Board within 30 days of the initiation of a Review. That report will be prepared for the Board and it will evaluate the matter based on the information available at the end of that 30 days. Your timely cooperation is appreciated and will assist the Board in reaching an informed and accurate decision.

Please provide the following information:

(1) Representative Stark's application for Maryland's Homestead tax credit eligibility for tax year 2008.

(2) A copy of any application and any related documents Representative Stark received from the state of Maryland at the end of 2008 for Maryland's Homestead Tax Credit in the event she did not submit the application.

(3) Documentation showing in what state or states Representative Stark and any other individual who owns or lives at the property filed state income tax for tax year 2008.
(4) Documentation showing what state or state Representative Stark and any other individual who owns or lives at the property was registered to vote in 2008.

(5) Documentation showing what state or state Representative Stark and any other individual who owns or lives at the property was licensed to drive in 2008.

(6) Any documents submitted by Representative Stark and/or any other individual who owns or lives at the property to the Montgomery County office of the Maryland Department of Assessments and Taxation for tax year 2008.

(7) Any documents received by Representative Stark and/or any other individual who owns or lives at the property from the Montgomery County office of the Maryland Department of Assessments and Taxation for tax year 2008.

(8) OCE requests the opportunity to interview you at a mutually convenient time.

OCE may make additional information requests, as warranted by the facts and circumstances of this Review. In addition, we will review any additional information you feel is relevant that we have not requested.

If you are not providing a requested document or piece of information, then please identify the document or information withheld and why it is being withheld.

Please note that under House Resolution 895 of the 110th Congress, as amended by House Resolution 5 of the 111th Congress, and OCE Rule 7, the Board may draw a negative inference from any refusal to cooperate and may include a statement to that effect in any referral to the Committee on Standards of Official Conduct.

If you have any questions regarding this request or require any assistance in the production of the information requested, please do not hesitate to contact Omar Ashmawy, Investigative Counsel, at (202) 225-9739 or omar.ashmawy@mail.house.gov.

Very respectfully,

[Signature]

Leo Wise
Staff Director and Chief Counsel
August 5, 2009

Dear Chair Lofgren, Ranking Member Bonner and Members of the Committee on Standards of Official Conduct:

We write to notify you of the transmittal of reports indicating that the Board has terminated four preliminary reviews concerning Members of the 110th Congress who have received the Maryland Homestead Tax Credit in 2008 and 2009. In the course of conducting these reviews, the Board learned several facts about the way in which the State of Maryland administers its Homestead Tax Credit program that, in the Board’s view, place Members of Congress who own homes in Maryland at risk of being accused of improperly receiving the credit at no fault of their own. The Board is transmitting findings to the Standards Committee that contain these facts. The entire report and supporting documentation have been delivered to the Offices of the Committee on Standards of Official Conduct where it is available for your review.

In addition, the Board also thought it prudent to share these facts with the Members who were subject to these reviews. The Board recommends that the Standards Committee consider issuing guidance more broadly to all House members who may either own real property in Maryland or purchase real property in Maryland in the future.

Sincerely yours,

David Skaggs
Porter Goss

David E. Skaggs
Porter J. Goss
MARYLAND HOMESTEAD TAX CREDIT

What is the Homestead Credit?

To help homeowners deal with large assessment increases on their principal residence, state law has established the Homestead Property Tax Credit. The Homestead Credit limits the increases in taxable assessment each year to a fixed percentage. Every county and municipality in Maryland is required to limit taxable assessment increases to 10% or less each year. View a listing of homestead laws for each local government.

Technically, the Homestead Credit does not limit the market value of the property as determined by the Department of Assessments and Taxation. Instead, it is a credit calculated on any assessment increase exceeding 10% (or the amount allowed by the local government) from one year to the next. The credit is calculated based on the 10% limit for purposes of the state property tax, and 10% or less as determined by local governments for purposes of local taxes. In other words, the homeowner pays property tax on the market value increase which is above the limit.

Example

Assume that your old assessment was $110,200 and that your new home is assessed for the first year in $120,200. An increase of 10% would result in an assessment of $112,200. The difference between $110,200 and $112,200 is $2,000. The tax credit would apply to the tax due on the $2,000. If the tax rate was $1.54 per $100 of assessed value, the tax credit would be $30.60 ($1,540 x 0.02 = $30.60).

Application Requirements

To prevent improper granting of the credit on rental or multiple properties of a single owner, a new law was enacted in 2007 that requires all homeowners to submit a sworn affidavit to establish eligibility for the credit. The affidavit must be submitted to the assessing authority in one of the homesteads at the end of December for the next three years. It also will be mailed to new purchasers of residential property.

Conditions

The tax credit will be granted if the following conditions are met during the previous tax year:

* The property was not transferred to a new owner.

* There was no change in the owner's ownership as reported by the homeowner resulting in an increase in the property's value.

* A substantial change did not occur in the use of the property.

* The previous assessment was not clearly erroneous.

A further condition is that the dwelling must be the owner's principal residence and the owner must have lived in it for at least six months of the year, including July 1 of the year for which the credit is applied, unless the owner was temporarily unable to do so by reason of illness or work of essential service. An owner who moves a small object on one property—the principal residence.

Renewed Dwelling and Vehicular Dwelling for Making Substantial Improvements

Property owners who choose to renovate their principal residence or buy a dwelling in order to replace it with a new home on the subject property or to make substantial improvements to the property can continue to receive Homestead Tax Credit eligibility provided the condition are met. For example, the owner must have lived on the property as a principal residence for at least 1 full tax year immediately preceding the filing in the assessment of the substantial improvements. Second, the building of the replacement home or making the substantial improvements must be completed within the next 10 years from the tax year in which the renovation or the substantial improvements were commenced.

Appeal Rights

If you have been denied a Homestead Tax Credit and you believe that you are eligible, contact the County Officer for the Homestead Tax Credit. For contact information, call the telephone number listed below. A final denial of a Homestead Tax Credit by the County Officer may be appealed within 30 days to the Property Tax Assessment Appeal Board in the jurisdiction where the property is located.

Further Information

For questions about the Homestead Tax Credit, you may telephone 410-787-2160 in the Baltimore metropolitan area or at 1-888-458-6783 toll free elsewhere in Maryland or visit the Department's website at www.dmi.state.md.us/cis/cdi/mtc.html.

http://www.dmi.state.md.us/cis/cdi/mtc.html

12/29/2009

COS.0005
Effective October 1, 2007, a new law enacted by the 2007 session of the Maryland General Assembly requires all homeowners to make a one-time application in order to be eligible to receive or continue receiving the Homestead Tax Credit. The Homestead Tax Credit law limits each year the amount of assessment increase on which an eligible resident homeowner actually pays County, Municipal and State property taxes. The application is required to ensure that all property owners receive the credit on the one property used as their principal residence and not on properties used for other purposes, such as a rental or vacation home.

In order to submit a Homestead Tax Credit Eligibility Application through this website you must have been issued, from the Maryland State Department of Assessments and Taxation, an application form containing your Real Property Account Number and an Access Number. You will be required to enter the Account and Access Numbers as part of the submission process. The Access number can be found in the box in the upper right corner of the application form.

If you have not received an application, click here to access a PDF version of the form which can be completed and mailed to the Department of Assessments and Taxation, Homestead Tax Credit Division, 301 W Preston St. 8th Floor, Baltimore, MD 21201. If you experience problems using the online application email the Department at inquiry@sdat.state.md.us

The information you enter will be on an encrypted protected system.

To begin the Application Process select the County or Baltimore City where the property is located.

NOTE: It is recommended that you use Internet Explorer to complete the homestead application.

County: ALLEGANY COUNTY

Click here to [Continue]
APPLICATION FOR HOMESTEAD TAX CREDIT ELIGIBILITY

- The Homestead Tax Credit law limits the amount of assessment increase on which eligible resident homeowners actually pay county, municipal, and State property taxes each year. This credit can have a significant impact on your real estate taxes regardless of your property’s value or your income level. If the property is used as your principal residence, you are strongly encouraged to complete this application.

- The reason why this application is required is to verify that the property owners only receive the benefit of this credit on their one principal residence. It also ensures that other homeowners entitled to the credit but not receiving it can also start to receive the benefit.

- A married couple may only have one principal residence under the provisions of this law. A homeowner who submits an application that is inconsistent with income tax and motor vehicle records of the State shall be required to later submit additional verification in order to be considered for the credit.

- If you have a specific question concerning the application, you may telephone 410-767-2105 in the Baltimore metropolitan area or on 1-800-550-8763 toll free elsewhere in Maryland.

- This application can be filled out on your pc, if handwritten please print legibly. Please use black or blue ink only.

Section I

1. SDAT Real Property Tax Identification Number of the property for which Homestead Eligibility is requested.

INSTRUCTIONS: You must fill-in the property identification number in order to submit this application. The identification number is composed of the two digit county code where the property is located, followed by an account number of up to 14 characters in length. This information can be obtained from an assessment notice or by searching the Department’s online Real Property database. If using the online system, the account number displayed must be preceded by the appropriate two digit county code listed below. If you do not have the identification number click here to search the Real Property database.

<table>
<thead>
<tr>
<th>County Code</th>
<th>Identification Number (up to 14 digits)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allegany - 01</td>
<td>Carmen - 06 Charles - 06 Harford - 13 Prince George's - 17 Talbot - 21</td>
</tr>
<tr>
<td>Anne Arundel - 02</td>
<td>Caroline - 06 Dorchester - 10 Howard - 14 Queen Anne's - 19 Wicomico - 22</td>
</tr>
<tr>
<td>Baltimore City - 03</td>
<td>Carroll - 07 Frederick - 11 Kent - 15 St. Mary's - 18 Wicomico - 23</td>
</tr>
<tr>
<td>Baltimore Co. - 04</td>
<td>Cecil - 08 Garrett - 12 Montgomery - 16 Somerset - 20 Worcester - 24</td>
</tr>
</tbody>
</table>

2. Address of the Property for which Application is being made:

**Street Address**

City: ND Zip code: 0007
APPLICATION FOR HOMESTEAD TAX CREDIT ELIGIBILITY

Section II

YOU MUST ANSWER ALL QUESTIONS AND INCLUDE THE SOCIAL SECURITY NUMBER OF ALL HOMEOWNER(S).

1. Is the real property shown on this letter currently used, and expected to be used in the next calendar year as the single principal residence of the homeowner(s)? ☐ Yes ☐ No

2. Is this real property address the location where the homeowner(s) expect to file their next federal and Maryland income tax return if one is filed? ☐ Yes ☐ No ☐ Not applicable (Not Filing)

3. Is this real property address the location from which the homeowner(s) have received a driver’s license or requested automobile licenses or vehicle registrations, if applicable? ☐ Yes ☐ No ☐ Not applicable (No License or Vehicle Registration)

4. Is this real property address the location from which the homeowner(s) are registered to vote, if registered? ☐ Yes ☐ No ☐ Not applicable (Not Registered)

5. Is any portion of the principal residence rented? ☐ Yes ☐ No

All owners must also complete the section below. If there are, more than four (4) owners complete this application and attach a separate sheet listing the names and Social Security numbers of the additional owners before mailing.

Printed Name of Homeowner (First Name, Middle Initial, Last Name) ____________________________ Social Security Number ____________________________

Printed Name of Spouse or Co-Owner (First Name, Middle Initial, Last Name) _________________________ Social Security Number ____________________________

Printed Name of Homeowner (First Name, Middle Initial, Last Name) ____________________________ Social Security Number ____________________________

Printed Name of Homeowner (First Name, Middle Initial, Last Name) ____________________________ Social Security Number ____________________________

In submitting this application I hereby declare under the penalty of perjury, pursuant to Tax-Property Article, 1-201, Annotated Code of Maryland, that the application has been examined by me and the information contained herein, to the best of my knowledge and belief is true, correct and complete and that this property is my principal residence for the prescribed period. I understand that the Department may independently verify the above information by contacting, including but not limited to, the Internal Revenue Service, the Maryland Comptroller’s Office and the Motor Vehicle Administration.

Homeowner’s Signature ____________________________ Date ____________________________

Spouse or Co-Owner’s Signature ____________________________

Telephone Number (Daytime): ____________________________

Mail completed application to: Department of Assessments and Taxation Homestead Tax Credit Division 301 West Preston Street, 8th Floor Baltimore MD 21201

PENALTIES FOR FRAUD

A person who wilfully or with intent to evade payment of a tax under this Article provides false information or a false answer or a property tax (including an application or application is guilty of a misdemeanor and is punishable by a fine not exceeding $5,000 or imprisonment not exceeding 10 months or both. Tax Property Article, § 14-1004. For example, it is wilful intent for a homeowner to indicate a property is his or her principal residence when the property is used for another purpose, such as a rental or a vacation home.

PRIVACY AND STATE DATA SECURITY NOTICE

The principal purpose for which this information is sought is to determine your eligibility for a tax credit. Failure to provide the information will result in a denial of your application. Some of the information requested would be considered a “Personal Record” as defined in State Government Article, § 10-604. Consequently, you have the statutory right to inspect your file and to file a written request to correct or amend any information you believe to be inaccurate or incomplete. Additionally, the information you provide may be released by the office in its role as administrator of this program to other states or any political subdivision to dissolve any income particular and to the United States in the event of investigation or investigation or the public interest.

COS.0008
DEPARTMENT OF ASSESSMENTS AND TAXATION

Account #: Redacted
Owner(s): STARK JR., FORNEY R

Premise Address: [Redacted]
Application Status: X
Comments: Y
Signature: Y (Y/N) Date: 02/06/2009 Phone: [Redacted]

First Name: FORNEY
Last Name: STARK
Suffix: JR.
Social Security Number: [Redacted]

Date: 1/4/2010 Time: 1:31:06 PM

COS.0009
26

Date: 1/4/2010 Time: 1:31:02 PM

VERDATE Nov 24 2008 10:14 Feb 03, 2010 JKT 089006 PO 00000 Frm 00036 FMT 6659 Sfmt 6602 E:\HR\OC\HR409.XXX HR409

Insert graphic folio 35 here HR409.011

WReier-Aviles on DSKGBLS3C1PROD with HEARING

Application Status: X

HARWOOD MD 20776-9576

Y 1. Will the real property be used as the single, principal residence of the homeowner(s) for more than six (6) months of the calendar year, including July 1? (Y/N)

Y 2. Is this real property address the location where the homeowner(s) will file the federal and Maryland income tax return due on April 15th, if one is filed? (Y/N/NA)

N 3. Is this real property address the location from which the homeowner(s) have received a driver's license or requested automobile licenses or vehicle registrations, if applicable? (Y/N/NA)

Y 4. Is this real property address the location from which the homeowner(s) are registered to vote, if registered? (Y/N/NA)

N 5. Is any portion of the principal residence rented? (Y/N)

CLEAR-RESET 3-MENU 10-REV 11-EXT

COS.0010
MR. STARK CALLED TO CHANGE ANSWER TO QUESTION #4 FROM YES TO NO. 3/16/09.
IF ANYONE HAS QUESTIONS ABOUT THIS FILE, YOU SHOULD CONTACT ROBERT YOUNG IN
ADMINISTRATION. DO NOT ANSWER QUESTIONS ABOUT THIS FILE

PF: 2-RETURN

Date: 1/4/2010 Time: 1:31:21 PM
A HOMEOWNER'S GUIDE TO PROPERTY TAXES AND ASSESSMENTS

I. THE PROPERTY TAX: WHO PAY IT AND WHO RECEIVES IT

II. THE BILL

Ohio law provides that all real property is subject to the property tax. A property owner will receive a property tax bill each year. Generally, properties that are owned and used by religious, charitable, or educational institutions or property owned by the Federal, State, or local governments are exempt from property tax.

Property tax bills are mailed to taxpayers at the address of each year to the 24 months (including birthdays and the 180th corporative municipalities) in Cleveland. Tax bills are mailed to the ongoing fiscal year and are effective on July 1st.

A. ASSESSMENTS

The amount of the tax bill is determined by two factors: (1) the assessed value of the property and (2) the property tax rate. Assessments are based on the fair market value of the property and are made by the Board of Assessors and transferred to the county or city government. Property tax rates are set by each of the taxing districts - the State, counties, and cities.

B. INCORPORATED TAXES AND ASSESSMENTS

1. THE ASSESSMENT PROCESS

II. THE MARKET VALUE:

An assessment is a determination of the fair market value of the property. It is a determination of the value that the property would be worth if it were sold on the open market. The court has also interpreted the requirement that assessments must be based on the fair market value of the property.

APPRAISED TO VALUE

An assessment is a determination of the fair market value of the property. It is a determination of the value that the property would be worth if it were sold on the open market. The court has also interpreted the requirement that assessments must be based on the fair market value of the property.

III. THE REAL PROPERTY APPRAISAL (ASSESSMENT)

The assessor in Cuyahoga County, there are 6,000 million property owners. The Department of Assessments and Taxation must approve each of these properties once every three years. To accomplish this task, the Department employs trained officers, independent real estate appraisers, and other trained professionals. The appraisers are trained and certified to property appraiser standards, and must be bonded with state property appraiser standards in effect.

The appraisal authority uses assessment models for market value for residential properties are (1) the sales approach and (2) the cost approach. The appraisal approach used in the assessment model is appropriate to properties within income zones, time zones, or other agreements.

THE SALES APPROACH

The purpose of the sales approach is to determine the market value of a given property (called the subject property) from sale of comparable properties. If similar properties are not available, the sales approach can be made to the sales approach. The sales approach is reasonably calculated and available for market value.

COST APPROACH

The purpose of the cost approach is to determine the fair market value of a given property by the total cost of the cost is not a similar improvement, may not be a comparable sale and the cost of the land. For example, if the land consists of 1,800 square feet and the cost is $7,000, the cost

http://www.dat.state.md.us/sdatweb/hog.html

1/25/2010

COS.0012
approach assumes that a prospective purchaser would not pay more than $70,000 plus the cost of the land, if the house which is already built. If the
existing house were not built, it would sell for less than $70,000. In general, the value of the house in dollars is less than the revaluation figure of $100,000, which
will usually sell for less than $70,000 unless there is a competitor.

V. UNDERSTANDING YOUR APPRAISAL (APPRAISAL?)

ASSESSMENT NOTCH

The assessment value of land is determined by the Department of Assessment and Taxation the property owner of the relationship between the old and new

LAND VALUE

The location of the land to a major factor in determining its value. For example, a property located near a river is generally more valuable than a land located

LAND RATES

The relationship between the value of the land and the rate at which the property is to be assessed. The rate is determined by the ratepayer and is used to

PROPERTY TAXES

The property tax is levied on the assessment value of the property as determined by the Department. The tax rate is determined by the ratepayer and is used to

APPEAL DISCUSSION

Every property owner has the right to appeal the value of the property to the Tax Collector within 30 days of the mailing of the assessment. During the

FOODS OF APPEAL

The assessment notice contains an appeal form which must be completed and filed with the local assessment office within the 45-day time limit for

SECOND STEP - PROPERTY TAX ASSESSMENT APPEAL BOARD

The property assessment board is determined by the property assessment board that the property value is the same as the value assessed by the Tax Collector.

THIRD STEP - MUNICIPAL COURT

The assessment board of the Municipal Tax Assessment Board may be appealed to the Municipal Tax Court. This appeal must be filed, in

http://www.dat.state.md.us/datweb/nog.html

1/25/2010
COS.0013
VIII. PROPERTY OWNERS BILL OF RIGHTS

Property owners have unique rights available to them throughout the assessment and appeal process. The Property Owner’s Bill of Rights outlines the process by which property owners may appeal assessments, provides necessary information, and outlines procedures. To obtain a brochure which defines these rights, contact your local assessment office or access our websites at www.dat.state.md.us or www.dat.state.md.us/tax/info/PUBRight.pdf.

IX. PROPERTY TAX RELIEF MEASURES

The Department of Assessments and Taxation administer a number of property tax relief programs which are specifically designed to provide needed relief to specific groups of property owners. Additional information about these programs may be obtained by calling the Department’s Taxpayer Services Center at 1-800-326-4111 or 410-222-4149.

HOMEOWNERS’ PROPERTY TAX CREDIT PROGRAM

The Maryland Property Tax Credit Program (Credit Breaker) is the largest and most important program in the State to provide property tax relief to homeowners. The Credit Breaker provides up to $500 in credit relief to homeowners whose incomes are below certain thresholds. In addition to the Credit Breaker, other property tax relief programs are available for homeowners who meet the eligibility criteria.

These tax credits are not given automatically. The homeowner must apply each year and provide information regarding the current gross household income for the previous calendar year. The filing deadline is September 1st.

The tax credit is computed according to the relationship between the homeowner’s income and actual property tax that is levied against the property owner’s principal residence. The tax credit does not reduce the total amount of the tax paid. Rather, credits are computed according to a sliding scale, with the result that the tax credit diminishes as the gross household income increases.

HOMESTEAD TAX CREDIT PROGRAM

The credit program is the Homestead Tax Credit Program. In 1977, the program was established to benefit homeowners by providing a credit against property taxes. This program provides credits to homeowners who meet the eligibility criteria. The credit is computed according to the relationship between the homeowner’s gross household income and actual property tax that is levied against the property owner’s principal residence. The credit is computed according to a sliding scale, with the result that the credit diminishes as the gross household income increases. Homestead credits are required to be granted to property owners who meet the eligibility requirements.

PROPERTY TAX DEFERMENT

This program allows property owners age 65 or older to defer the taxes due on their property that are due for local government, real estate taxes, and personal property. The deferral program is available only to those who have lived in their property for at least five years, own the property, and have a total annual income of less than $25,000. The program also requires that the property owner occupy the residence as their principal residence. The deferral program allows the property owner to defer the property taxes for as long as the property owner resides in the property. The property owner is required to pay the taxes owed when the property owner chooses to sell the property or when the property owner dies.

X. GEOGRAPHY OF TERMS

- Adjusted: A phrase used to describe the process which occurs when a property owner has the opportunity to have the fair market value reviewed by an assessor, a local board, and a state board.
- Assessment: An estimate of value.
- Assessment of Prior Year: An estimate of value based on the prior year’s assessment.
- Assessor’s Value: The value placed on a property by the assessor.
- Ballot Vote: A vote that is required to be taken in order to determine the property tax rate.
- Bill of Rights: A list of rights that a property owner is entitled to.
- Board: A group of people who make decisions regarding the assessment of property.
- Bond: A form of debt that is issued by the government to raise money for a specific purpose.
- Bond Sale: The sale of bonds to raise money for a specific purpose.
- Bondholder: A person who owns a bond.
- Board of Assessors: A board of people who make decisions regarding the assessment of property.
- Board of Education: A board of people who make decisions regarding the assessment of property.
- Board of Financial and Property Taxation: A board of people who make decisions regarding the assessment of property.
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Welcome to Anne Arundel County, MD | Citizens Information Center

Property Tax Information

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Annual Payment Schedule
Taxes are due on July 1 of the tax year and may be paid without interest on or before September 30 of the tax year.

Semi-annual Payment Schedule
If you are eligible, one half of the total tax bill is due on July 1 of the tax year and may be paid without interest on or before September 30 of the tax year. The remaining half of the bill and associated service charge is due on December 31 of the tax year.

Interest on unpaid taxes is payable at 1% per month or portion thereof for County taxes and 1 1/2% per month or portion thereof for City of Annapolis taxes.

Frequently Asked Questions

1. How does the Semi Annual billing program work?
2. How do I elect to participate or not participate in the Semi Annual billing program?
3. What is the issuance of the "informal property tax assessment statement on my tax bill?"
4. What are my options for paying my taxes if I do not want to pay through the Internet?
5. I am unable to make full payment of my taxes at this time. May I make partial payments?
6. When are property taxes due?
7. I have questions concerning my tax bill. Who should I contact?
8. Are there any tax programs that provide tax relief based on income?
9. How is the County tax rate set?
10. Where are the tax bills mailed? Does the bill get mailed to my mortgage servicer?
11. What is the Homestead Credit?
12. What does the DTPA dispute process encompass?
13. How is my tax bill described?
14. I have a lien sale lien on my property. Can you give me information on how to address this property tax lien?

Anne Arundel County, MD 44 Calvert Street Annapolis, MD 21401 Telephone: (410) 222-7000 | Suggestions | Disclaimer
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http://www.aacounty.org/Finance/PropTaxInfo.cfm

1/25/2010
COS.0016
## Real Property Tax Levy
### Annual Billing
#### Fiscal Year 2010

**Property Description:**
- **BMP49.98 ACRES**
- **HARWOOD**

**Assessment Details:**

<table>
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<tr>
<th>Description</th>
<th>Assessment</th>
<th>Tax/Grades</th>
</tr>
</thead>
<tbody>
<tr>
<td>COUNTY REAL ESTATE TAX</td>
<td>1,425,580.42</td>
<td>2,874,268.56</td>
</tr>
<tr>
<td>COUNTY REAL ESTATE TAX SECTION</td>
<td>1,000.00</td>
<td>2,874,268.56</td>
</tr>
<tr>
<td>COUNTY REAL ESTATE TAX DIST</td>
<td>2,000.00</td>
<td>2,874,268.56</td>
</tr>
<tr>
<td>COUNTY REAL ESTATE TAX TOTAL</td>
<td>3,426,580.42</td>
<td>2,874,268.56</td>
</tr>
</tbody>
</table>

**Total Due:** 16,440.25

**Payment Options:**
- **Pay by Direct Deposit**
- **Pay by Check**

**Important Note:**
- See rates on reverse side

**Return this entire lower portion with payment**

---

**COS.0017**
OFFICE OF CONGRESSIONAL ETHICS
U.S. HOUSE OF REPRESENTATIVES

MEMORANDUM OF INTERVIEW

In Re: Representatives 1 and 2 of the Maryland State Department of Assessments and Taxation

Review No: 09-9025

Date: June 23, 2009

Location: Maryland State Department of Assessments and Taxation
300 W. Preston Street
Baltimore, MD 21201

Time: 1314hrs – 1450 hrs (approximately)

Participants: Leo Was
Omar Ashmawy
Bryson Morgan

Summary: Representative 1 is the Associate Director of the Maryland State Department of Assessments and Taxation (MDSDAT). In this capacity, Representative 1 oversees the Maryland Homestead Tax Credit. Representative 2 is the Supervisor of the Homestead Tax Credit Application program. Representative 2 oversees the determination of eligibility for the Homestead Tax Credit.

1. Maryland created the Homestead Tax Credit program in 1977. In order to qualify for the Maryland Homestead Tax Credit, Maryland law requires the home to be used as the owner's "principal residence" – where the homeowner regularly resides as is designated for voting, obtaining a driver's license, and filing income tax returns.

2. The Homestead Tax Credit Application asks whether the applicant's "real property address" is "the location where the homeowner(s) will file the federal and Maryland income tax return," "the location from which the homeowner(s) have received a driver's license," and "the location from which the homeowner(s) are registered to vote, if registered." The OEC staff pointed out that these questions do not specify that the applicant must file a Maryland resident tax return, receive a Maryland driver’s license, and be registered to vote in Maryland. Representative 1 stated that despite the application’s ambiguity, it was MDSDAT’s intent to grant the Homestead Tax Credit only to the principal residences of property owners who were registered to vote in Maryland, possessed Maryland driver’s
licenses, and filed Maryland resident income tax returns. Representative I stated that
MDSDAT will consider changing the language of the application to clarify this ambiguity.

3. Prior to 2007, a homeowner was automatically granted the Homestead Tax Credit if the
owner was listed as a first-time homebuyer or if the address for the receipt of assessments
and property taxes was the address of the taxable property, and if (1) MDSDAT had not
determined that the property was a rental property, (2) MDSDAT assessors had not
discovered that the property was not owner-occupied, and (3) mail was not being forwarded
from the address.

4. Individuals receiving the Homestead Tax Credit who are nonetheless ineligible for the credit
do not have an affirmative obligation to remove their property from the Homestead Tax
Credit program. It is the obligation of the MDSDAT to discover and remove ineligible
recipients from the program.

5. In order to prevent the improper granting of the Homestead Tax Credit on rented or multiple
properties of a single owner, the Maryland State Department of Assessments and Taxation
began mailing a one-time application to homeowners to establish eligibility for the tax credit.
The application was included in the assessment notice mailed to one-third of Maryland
homeowners at the end of each calendar year, for a period of three years beginning December
2007.

6. The first round of applications was sent on December 27, 2007. The second round of
applications was sent on December 31, 2008.

7. Individuals who fail to return the application will continue to receive the Homestead Tax
Credit until December 21, 2012.

8. While the application asks five questions which mirror the requirements for the credit (single
principal residence, location for filing income taxes, driver’s license, voter registration, rental
status) if an applicant indicates that the property is their “single principal residence” and that
they have used the address for the purposes of filing federal taxes MDSDAT automatically
grants the tax credit.

9. MDSDAT does not reject a Homestead Tax Credit Application solely because the applicant
does not use the address as the location from which they are registered to vote, and this fact
does not flag the application for further MDSDAT scrutiny. If this fact is brought to the
attention of MDSDAT in another manner, however, the credit may be revoked.
10. MDSDAT does not reject a Homestead Tax Credit application solely because the address is not the one from which the owner has received a driver’s license, and this fact does not flag the application for further MDSDAT scrutiny. If this fact is brought to the attention of MDSDAT in another manner, however, the credit may be revoked.

11. Only if the person indicates that part of the property was rented would the application be approved yet “flagged” for later review by an MDSDAT employee. If, for example, an applicant indicated that the property was their “single principal residence” and their address for the purposes of filing federal taxes yet also indicated that it was not the address from which they were registered to vote or received a driver’s license, the application would be automatically approved and not flagged for further MDSDAT scrutiny. MDSDAT does not engage in a more thorough initial analysis of applications due to resource constraints.

12. The Homestead Tax Credit Application was mailed to Representative [redacted] home in December 2007, but Representative [redacted] did not return the application. In the spring of 2009, Representative [redacted] contacted MDSDAT to determine whether [redacted] property received the credit, and if it was receiving the credit, request that it be removed. Representative [redacted] home will discontinue receiving the credit in Fiscal Year 2010.

We certify that this memorandum contains all pertinent matter discussed with this individual on June 23, 2009.

Leo Wise
Omar Ashrawy
Bryson Morgan
Office of Congressional Ethics
OFFICE OF CONGRESSIONAL ETHICS
U.S. HOUSE OF REPRESENTATIVES

MEMORANDUM OF INTERVIEW

In Re: Representatives 1 and 2 of the Maryland State Department of Assessments and Taxation
Review No: 09-9035
Date: June 22, 2009
Location: Maryland State Department of Assessments and Taxation
300 W. Preston Street
Baltimore, MD 21201
Time: 1314hrs – 1450 hrs (approximately)
Participants: Leo Wiao
Gorz Ashmawy
Brayan Morgan

Summary: Representative 1 is the Associate Director of the Maryland State Department of Assessments and Taxation (MDSDAT). In this capacity, Representative 1 oversees the Maryland Homestead Tax Credit. Representative 2 is the Supervisor of the Homestead Tax Credit Application program. Representative 2 oversees the determination of eligibility for the Homestead Tax Credit.

1. Maryland created the Homestead Tax Credit program in 1977. In order to qualify for the Maryland Homestead Tax Credit, Maryland law requires the home to be used as the owner’s “principal residence” — where the homeowner regularly resides as is designated for voting, obtaining a driver’s license, and filing income tax returns.

2. The Homestead Tax Credit Application asks whether the applicant’s “real property address” is “the location where the homeowner(s) will file the federal and Maryland income tax return,” “the location from which the homeowner(s) have received a driver’s license,” and “the location from which the homeowner(s) are registered to vote, if registered.” The OCE staff pointed out that these questions do not specify that the applicant must file a Maryland resident tax return, receive a Maryland driver’s license, and be registered to vote in Maryland. Representative 1 stated that despite the application’s ambiguity, it was MDSDAT’s intent to grant the Homestead Tax Credit only to the principal residences of property owners who were registered to vote in Maryland, possessed Maryland driver’s
3. Prior to 2007, a homeowner was automatically granted the Homestead Tax Credit if the owner was listed as a first-time homebuyer or if the address for the receipt of assessments and property taxes was the address of the taxable property, and if (1) MDSDAT had not determined that the property was a rental property, (2) MDSDAT assessments had not discovered that the property was not owner-occupied, and (3) mail was not being forwarded from the address.

4. Individuals receiving the Homestead Tax Credit who are nonetheless ineligible for the credit do not have an affirmative obligation to remove their property from the Homestead Tax Credit program. It is the obligation of the MDSDAT to discover and remove ineligible recipients from the program.

5. In order to prevent the improper granting of the Homestead Tax Credit to rented or multiple properties of a single owner, the Maryland State Department of Assessments and Taxation began mailing a one-time application to homeowners to establish eligibility for the tax credit. The application was included in the assessment notice mailed to one-third of Maryland homeowners at the end of each calendar year, for a period of three years beginning December 2007.

6. The first round of applications was sent on December 27, 2007. The second round of applications was sent on December 31, 2008.

7. Individuals who fail to return the application will continue to receive the Homestead Tax Credit until December 21, 2012.

8. While the application asks five questions which mirror the requirements for the credit (single principal residence, location for filing income taxes, driver’s license, voter registration, rental status) if an applicant indicates that the property is their “single principal residence” and that they have used the address for the purposes of filing federal taxes MDSDAT automatically grants the tax credit.

9. MDSDAT does not reject a Homestead Tax Credit Application solely because the applicant does not use the address as the location from which they are registered to vote, and this fact does not flag the application for further MDSDAT scrutiny. If this fact is brought to the attention of MDSDAT in another manner, however, the credit may be revoked.
10. MDSDAT does not reject a Homestead Tax Credit application solely because the address is not the one from which the owner has received a driver’s license, and this fact does not flag the application for further MDSDAT scrutiny. If this fact is brought to the attention of MDSDAT in another manner, however, the credit may be revoked.

11. Only if the person indicates that part of the property was rented would the application be approved yet “flagged” for later review by an MDSDAT employee. If, for example, an applicant indicated that the property was their “single principal residence” and their address for the purposes of filing federal taxes yet also indicated that it was not the address from which they were registered to vote or received a driver’s license, the application would be automatically approved and not flagged for further MDSDAT scrutiny. MDSDAT does not engage in a more thorough initial analysis of applications due to resource constraints.

12. According to MDSDAT records, Representative received and submitted the Homestead Tax Credit Application. Based on answers, Representative should not have received the tax credit. answered “No” to question 4 regarding whether the MD home was the address from which was registered to vote. Based on this answer, Maryland should not have granted the tax credit. Despite the answer, Maryland nevertheless applied the Homestead Tax Credit to Representative property.

13. According to MDSDAT, Representative indicated on the application that home in , Maryland was the address from which intended to file a Maryland income tax return. However, the return filed was a Maryland Non-Resident return. Similarly, in answer to question 3, Representative answered that had a driver’s license that listed Maryland residence as home. It was however a driver’s license. Both Representatives of MDSDAT were surprised by this and stated that they may change the questions on the application in the future to clearly indicate that applicants must have a Maryland driver’s license and file a Maryland resident income tax return in order to be eligible to receive the Homestead Tax Credit.

14. According to MDSDAT, because MDSDAT only compares an application for the homestead tax credit against an IRS database, and not a Maryland database, and the office’s unwritten policy is that if a homestead applicant receives their mail at the address of the property and files federal taxes from that address then they receive the credit, it appears that Maryland granted representative the tax credit despite not accurately answering the questions on the Homestead Tax Credit Application in a manner that should have disqualified.
We certify that this memorandum contains all pertinent matter discussed with this individual on June 23, 2009.

Leo Wise
Omar Ashrawy
Bryson Morgan
Office of Congressional Ethics
OFFICE OF CONGRESSIONAL ETHICS
U.S. HOUSE OF REPRESENTATIVES

MEMORANDUM OF INTERVIEW

In Re: Representatives 1 and 2 of the Maryland State Department of Assessments and Taxation
Review No: 09-9060
Date: June 23, 2009
Location: Maryland State Department of Assessments and Taxation
300 W. Preston Street
Baltimore, MD 21201
Time: 1314hrs – 1450 hrs (approximately)
Participants: Leo Wise
Omar Ashmawy
Bronson Morgan

Summary: Representative 1 is the Associate Director of the Maryland State Department of Assessments and Taxation (MDSDAT). In this capacity, Representative 1 oversees the Maryland Homestead Tax Credit. Representative 2 is the Supervisor of the Homestead Tax Credit Application program. Representative 2 oversees the determination of eligibility for the Homestead Tax Credit.

1. Maryland created the Homestead Tax Credit program in 1977. In order to qualify for the Maryland Homestead Tax Credit, Maryland law requires the home to be used as the owner's "principal residence" – where the homeowner regularly resides as is designated for voting, obtaining a driver's license, and filing income tax returns.

2. The Homestead Tax Credit Application asks whether the applicant's "real property address" is "the location where the homeowner will file the federal and Maryland income tax return," "the location from which the homeowner(s) have received a driver's license," and "the location from which the homeowner(s) are registered to vote, if registered." The OCE staff pointed out that these questions do not specify that the applicant must file a Maryland resident tax return, receive a Maryland driver's license, and be registered to vote in Maryland. Representative 1 stated that despite the application's ambiguity, it was MDSDAT's intent to grant the Homestead Tax Credit only to the principal residences of property owners who were registered to vote in Maryland, possessed Maryland driver's
licenses, and filed Maryland resident income tax returns. Representative 1 stated that MDSDAT will consider changing the language of the application to clarify this ambiguity.

3. Prior to 2007, a homeowner was automatically granted the Homestead Tax Credit if the owner was listed as a first-time homebuyer or if the address for the receipt of assessments and property taxes was the address of the taxable property, and if (1) MDSDAT had not determined that the property was a rental property, (2) MDSDAT assessors had not discovered that the property was not owner-occupied, and (3) mail was not being forwarded from the address.

4. Individuals receiving the Homestead Tax Credit who are nonetheless ineligible for the credit do not have an affirmative obligation to remove their property from the Homestead Tax Credit program. It is the obligation of the MDSDAT to discover and remove ineligible recipients from the program.

5. In order to prevent the improper granting of the Homestead Tax Credit on rented or multiple properties of a single owner, the Maryland State Department of Assessments and Taxation began mailing a one-time application to homeowners to establish eligibility for the tax credit. The application was included in the assessment notice mailed to one-third of Maryland homeowners at the end of each calendar year, for a period of three years beginning December 2007.

6. The first round of applications was sent on December 27, 2007. The second round of applications was sent on December 31, 2008.

7. Individuals who fail to return the application will continue to receive the Homestead Tax Credit until December 21, 2012.

8. While the application asks five questions which mirror the requirements for the credit (single principal residence, location for filing income taxes, driver’s license, voter registration, rental status) if an applicant indicates that the property is their “single principal residence” and that they have used the address for the purposes of filing federal taxes MDSDAT automatically grants the tax credit.

9. MDSDAT does not reject a Homestead Tax Credit Application solely because the applicant does not use the address as the location from which they are registered to vote, and this fact does not flag the application for further MDSDAT scrutiny. If this fact is brought to the attention of MDSDAT in another manner, however, the credit may be revoked.
10. MDSDAT does not reject a Homestead Tax Credit application solely because the address is not the one from which the owner has received a driver's license, and this fact does not flag the application for further MDSDAT scrutiny. If this fact is brought to the attention of MDSDAT in another manner, however, the credit may be revoked.

11. Only if the person indicates that part of the property was rented would the application be approved yet "flagged" for later review by an MDSDAT employee. If, for example, an applicant indicated that the property was their "single principal residence" and their address for the purposes of filing federal taxes yet also indicated that it was not the address from which they were registered to vote or received a driver's license, the application would be automatically approved and not flagged for further MDSDAT scrutiny. MDSDAT does not engage in a more thorough initial analysis of applications due to resource constraints.

12. According to MDSDAT, the software MDSDAT uses to record ownership information limits the number of owners that can be associated with any given property to two. Thus, while Cong... had the property in Maryland property which both receive the Homestead Tax Credit—something Maryland law does not permit. In fact, Cong... properly receives the credit on both properties as each property is owner occupied, thus meeting the requirements under the law.

We certify that this memorandum contains all pertinent matter discussed with this individual on June 23, 2009.

Lee Wise
Omar Ashmawy
Bryan Morgan
Office of Congressional Ethics
OFFICE OF CONGRESSIONAL ETHICS
U.S. HOUSE OF REPRESENTATIVES

MEMORANDUM OF INTERVIEW

In Re: Representatives 1 and 2 of the Maryland State Department of Assessments and Taxation
Review No: 09-0973
Date: June 23, 2009
Location: Maryland State Department of Assessments and Taxation
300 W. Preston Street
Baltimore, MD 21201
Time: 1314hrs – 1450 hrs (approximately)
Participants: Lee Wise
              Omar Ashmawy
              Bryson Morgan

Summary: Representative 1 is the Associate Director of the Maryland State Department of Assessments and Taxation (MDSDAT). In this capacity, Representative 1 oversees the Maryland Homestead Tax Credit. Representative 2 is the Supervisor of the Homestead Tax Credit Application program. Representative 2 oversees the determination of eligibility for the Homestead Tax Credit.

1. Maryland created the Homestead Tax Credit program in 1977. In order to qualify for the Maryland Homestead Tax Credit, Maryland law requires the home to be used as the owner’s “principal residence”—where the homeowner regularly resides as is designated for voting, obtaining a driver’s license, and filing income tax returns.

2. The Homestead Tax Credit Application asks whether the applicant’s “real property address” is “the location where the homeowner(s) will file the federal and Maryland income tax return,” “the location from which the homeowner(s) have received a driver’s license,” and “the location from which the homeowner(s) are registered to vote, if registered.” The OCE staff pointed out that these questions do not specify that the applicant must file a Maryland resident tax return, receive a Maryland driver’s license, and be registered to vote in Maryland. Representative 1 stated that despite the application’s ambiguity, it was MDSDAT’s intent to grant the Homestead Tax Credit only to the principal residences of property owners who were registered to vote in Maryland, and possessed Maryland driver’s

MDSDAT MOI – Page 1 of 3
Office of Congressional Ethics

09-9073_000001

COS.0028
3. Prior to 2007, a homeowner was automatically granted the Homestead Tax Credit if the owner was listed as a first-time homebuyer or if the address for the receipt of assessments and property taxes was the address of the taxable property, and if (1) MDSDAT had not determined that the property was a rental property, (2) MDSDAT assessors had not discovered that the property was not owner-occupied, and (3) mail was not being forwarded from the address.

4. Individuals receiving the Homestead Tax Credit who are nonetheless ineligible for the credit do not have an affirmative obligation to remove their property from the Homestead Tax Credit program. It is the obligation of the MDSDAT to discover and remove ineligible recipients from the program.

5. In order to prevent the improper granting of the Homestead Tax Credit on rented or multiple properties of a single owner, the Maryland State Department of Assessments and Taxation began mailing a one-time application to homeowners to establish eligibility for the tax credit. The application was included in the assessment notice mailed to one-third of Maryland homeowners at the end of each calendar year, for a period of three years beginning December 2007.

6. The first round of applications was sent on December 27, 2007. The second round of applications was sent on December 31, 2008.

7. Individuals who fail to return the application will continue to receive the Homestead Tax Credit until December 21, 2012.

8. While the application asks five questions which mirror the requirements for the credit (single principal residence, location for filing income taxes, driver’s license, voter registration, rental status) if an applicant indicates that the property is their “single principal residence” and that they have used the address for the purposes of filing federal taxes MDSDAT automatically grants the tax credit.

9. MDSDAT does not reject a Homestead Tax Credit Application solely because the applicant does not use the address as the location from which they are registered to vote, and this fact does not flag the application for further MDSDAT scrutiny. If this fact is brought to the attention of MDSDAT in another manner, however, the credit may be revoked.
10. MDSDAT does not reject a Homestead Tax Credit application solely because the address is not the one from which the owner has received a driver’s license, and this fact does not flag the application for further MDSDAT scrutiny. If this fact is brought to the attention of MDSDAT in another manner, however, the credit may be revoked.

11. Only if the person indicates that part of the property was rented would the application be approved yet “flagged” for later review by an MDSDAT employee. If, for example, an applicant indicated that the property was their “single principal residence” and their address for the purposes of filing federal taxes yet also indicated that it was not the address from which they were registered to vote or received a driver’s license, the application would be automatically approved and not flagged for further MDSDAT scrutiny. MDSDAT does not engage in a more thorough initial analysis of applications due to resource constraints.

12. According to MDSDAT records, [redacted] never received the Homestead Tax Credit Application. [Redacted] is scheduled to receive the application in December 2009. Further, MDSDAT stated that [redacted] received the tax credit because it was automatically applied when the Cong [redacted] purchased the property. Cong[redacted] never requested the credit or misrepresented their status as a Maryland resident in order to receive it.

We certify that this memorandum contains all pertinent matter discussed with this individual on June 23, 2009.

Leo Wise
Omar Ashrawy
Bryson Morgan
Office of Congressional Ethics

MDSDAT MOI – Page 3 of 3

Office of Congressional Ethics

09-9073_000003

COS.0030
Real Property Tax Levy
Annual Billing
07/01/2008 - 06/30/2009
Fiscal Year 2009

Property Description:
IMPR.35 ACRES
HARWOOD

Customer Number: Redacted

<table>
<thead>
<tr>
<th>Description</th>
<th>Assessment Value</th>
<th>Tax Rate</th>
<th>Tax Payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>COUNTY REAL SELF TAX</td>
<td>1,855,979.00</td>
<td>0.00</td>
<td>1,855.98</td>
</tr>
<tr>
<td>STATE WIDE SERVICE</td>
<td>2,125.00</td>
<td>0.00</td>
<td>2,125.00</td>
</tr>
<tr>
<td>DEBT SERVICE FUND</td>
<td>1,900.00</td>
<td>0.00</td>
<td>1,900.00</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,977,144.00</td>
<td>0.00</td>
<td>1,977.14</td>
</tr>
</tbody>
</table>

PENalties:
- For Non-Payment of Taxes: Redacted
- For Non-Payment of Assessment: Redacted

Total Due:
- 1,977.14

Payment:
- Pay by due date to avoid interest
- Check or money order to Anne Arundel County

IMPORTANT:
- Late payments subject to 1% per month interest
- Late payments subject to 12% per annum
- No service to property

Real Property Tax Levy
Annual Billing

Account Number:
Redacted

Fiscal Year:
2009

Ann. Jr. Payable:
$0

Pay by Due Date to avoid interest:
March 31, 2009

Credit card payments can only be made on-line and a convenience fee will be charged.
To View/Pay on-line: www.ann.arundelcountymd.gov

RETURN THIS ENTIRE LOWER PORTION WITH PAYMENT

Redacted

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Appendix B

Report and Findings of the Office of Congressional Ethics
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OFFICE OF CONGRESSIONAL ETHICS
UNITED STATES HOUSE OF REPRESENTATIVES

REPORT

Review No. 09-9030

The Board of the Office of Congressional Ethics (hereafter “the Board”), by a vote of no less than four members, on October 23, 2009, adopted the following report and ordered it to be transmitted to the Committee on Standards of Official Conduct of the United States House of Representatives.

SUBJECT: Representative Fortney Pete Stark

NATURE OF THE ALLEGED VIOLATION: Representative Fortney Pete Stark has listed a house he owns in Harwood, Maryland as his principal residence on Maryland tax forms. By doing so, Representative Stark received state and county homestead tax credits and any annual increases in his home assessments were capped at no more than 10 percent. In order to qualify for the Maryland Homestead Tax Credit, Maryland law requires the home to be used as the owner’s “principal residence” – where the homeowner regularly resides and is designated for voting, obtaining a driver’s license, and filing income tax returns. Representative Stark pays California resident taxes, has a California driver’s license and is registered to vote in California.

Representative Stark’s conduct may have violated Maryland law and the Code of Ethics for Government Service if he misrepresented information on the Application for Homestead Tax Credit Eligibility in order to prove eligibility.

RECOMMENDATION: The Board of the Office of Congressional Ethics recommends that the Committee on Standards of Official Conduct further review the above allegations.

VOTES IN THE AFFIRMATIVE: 6

VOTES IN THE NEGATIVE: 0

MEMBER OF THE BOARD OR STAFF DESIGNATED TO PRESENT THIS REPORT TO THE COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT: Leo Wise, Staff Director & Chief Counsel.
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Subject to the Nondisclosure Provisions of H. Res. 895 of the 110th Congress as Amended

FINDINGS OF FACT AND CITATIONS TO LAW

Review No. 09-9030
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I. INTRODUCTION

A. Summary of Allegations

1. There is substantial reason to believe that Representative Fortney Pete Stark may have violated House rules by misrepresenting information on the Maryland Application for Homestead Tax Credit Eligibility. Specifically, sometime between December 2008 and March 2009 Representative Stark certified a house he owns in Harwood, Maryland, was his “principle residence” under Maryland law. By doing so, he qualified for the Maryland Homestead Tax Credit. As a result, Representative Stark received state and county homestead tax credits and the increases in his home assessments were capped at no more than 10 percent per year. In order to qualify for the Maryland Homestead Tax Credit, Maryland law requires the home to be used as the owner’s “principal residence.” Maryland law defines “principal residence” as the one dwelling where the homeowner regularly resides and is designated for voting, obtaining a driver’s license, and filing income tax returns.

2. Sometime between December 2008 and March 2009, Representative Stark certified to Maryland that he is registered to vote in Maryland, while in fact he is registered to vote in California. Representative Stark later changed his certification.

3. Representative Stark told the OCE he did not certify that he voted in Maryland nor did he later change his answer.

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1 As per Rule 9 of the Office of Congressional Ethics, Rules for the Conduct of Investigations 11 (2009), the Board shall refer a matter to the Standards Committee if it determines there is a substantial reason to believe the allegation.
B. Jurisdictional Statement

4. The allegations that were the subject of this review concern Representative Fortney Pete Stark, a Member of the United States House of Representatives from the 13th District of California. The Resolution the United States House of Representatives adopted creating the Office of Congressional Ethics (hereafter “OCE”) directs that, “[n]o review shall be undertaken...by the board of any alleged violation that occurred before the date of adoption of this resolution.” The House adopted this Resolution on March 11, 2008. Because the conduct under review occurred after March 11, 2008, review by the Board is in accordance with the Resolution.

5. The Board notes that representations made by Members of Congress regarding their state residency implicates their official duties as a Member’s state residency is a qualification for the office they hold.

C. Procedural History

6. The OCE received a written request for a preliminary review in this matter signed by at least two members of the Board on June 5, 2009. The preliminary review commenced on that date.3

7. At least three members of the Board voted to initiate a second-phase review in this matter on June 26, 2009. The second phase review commenced on June 29, 2009.4 The second-phase review was scheduled to end on August 13, 2009.

8. The Board voted to extend the 45-day second-phase review by an additional 14 days on August 5, 2009, as provided for under the Resolution. Following the extension, the second-phase review was scheduled to end on August 28, 2009.5

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3 A preliminary review is “requested” in writing by members of the Board of the OCE. The request for a preliminary review is “received” by the OCE on a date certain. According to H. Res. 895 of the 110th Congress (hereafter “the Resolution”), the timeframe for conducting a preliminary review is 30 days from the date of receipt of the Board’s request.
4 According to the Resolution, the Board must vote (as opposed to make a written authorization) on whether to conduct a second-phase review in a matter before the expiration of the 30-day preliminary review. If the Board votes for a second-phase, the second-phase commences the day after the preliminary review ends.
5 The 14-day extension expires after the 45-day second-phase review ends. The 14-day extension does not begin on the date of the Board vote.

10. The Board voted to refer the matter to the Committee on Standards of Official Conduct for further review and adopted these findings on October 23, 2009.

11. The report and findings in this matter were transmitted to the Committee on Standards of Official Conduct on November 12, 2009.

D. Summary of Investigative Activity

12. The OCE requested documentary and in some cases testimonial information from the following sources:

   (1) Maryland State Department of Assessments and Taxation Taxpayer Services Division;

   (2) Witness A, Associate Director of the Maryland State Department of Assessments and Taxation Taxpayer Services Division;

   (3) Witness B, Supervisor of the Homestead Tax Credit Application Program

   (4) Anne Arundel County; and

   (5) Representative Stark.

II. THE MARYLAND HOMESTEAD TAX CREDIT PROGRAM AND REPRESENTATIVE STARK’S APPLICATION AND ELIGIBILITY

A. Applicable Law, Rules, and Standards of Conduct

13. Maryland law:

   Under the Maryland Code, Tax - Property Article §14-1004, “A person who willfully or with the intent to evade payment of a tax under this article or to prevent the collection of a tax under this article provides false information or a false answer to a property tax

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6 The Resolution provides that the names of cooperating witnesses not be included in a referral to the Committee on Standards of Official Conduct. H. Res 895, 110th Cong. §1(e) (2008) (as amended). This provision applies to testimonial evidence and not to documentary evidence.
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interrogatory under this article is guilty of a misdemeanor and on conviction is subject to a fine not exceeding $5,000 or imprisonment not exceeding 18 months or both."

14. Code of Ethics for Government Service:

Under the Code of Ethics for Government Service, "all Government employees, including office holders...should uphold the Constitution, laws, and legal regulations of the United States and all governments therein and never be a party to their evasion."

15. If Representative Stark willfully misrepresented information on Maryland’s Application for Homestead Tax Credit Eligibility in order to certify his Maryland house as his principle residence under Maryland law and thereby qualify for the corresponding tax credits, then he may have violated Maryland law and paragraph 2 of the Code of Ethics for Government Service.

16. For the purposes of the Board's deliberations, the Board considered the Maryland tax code to be a "legal regulation," as described in paragraph 2 of the Code of Ethics for Government Service, and the state of Maryland to be a "government therein" the United States.

17. Based on the facts collected by the OCE, the Board concludes there is a substantial reason to believe the allegation that is the subject of this review.\(^7\)

B. Maryland Homestead Tax Credit

18. Representative Pete Stark represents the 13\(^{th}\) Congressional District of California.

19. Representative Stark and his wife have had an ownership interest in a home in Harwood, Maryland, since at least 2000.

20. Based on information available on the Anne Arundel County Maryland Real Estate Charges, Credits and Exemptions’ website, the Starks’ Harwood home has been listed as their principal residence since 2007 and Representative Stark has been receiving the Homestead Tax Credit since at least 2007.\(^8\) From 2000 to 2007 Representative Stark received tax bills for the Harwood residence that did not show the Homestead Tax

\(^7\) 72 Stat., Part 2, B12 (1958), H. Con. Res. 175, 85\(^{th}\) Cong.

\(^8\) Rule 9 of the Office of Congressional Ethics, Rules for the Conduct of Investigations 11 (2009) provides that “[t]he Board shall refer a matter to the Standards Committee for further review if it determines there is a substantial reason to believe the allegation based on all the information then known to the Board.”

\(^9\) Id.
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Subject to the Nondisclosure Provisions of H. Res. 895 of the 110th Congress as Amended Credit. In calendar year 2009, the year directly affected by his answers on the 2008 application, Representative Stark received $3,769.79 in state and county tax credits.

21. The Maryland Homestead Tax Credit limits the increase in taxable assessments each year to 10 percent for the homeowner’s “principal residence.” Maryland state law defines “principal residence” as the one dwelling where the homeowner regularly resides and is the location designated by the owner for the legal purposes of voting, obtaining a driver’s license, and filing income tax returns. In an interview with Witness A, Associate Director of the Maryland State Department of Assessments and Taxation (SDAT), the witness indicated that an individual must vote in Maryland, possess a Maryland driver’s license, and file a Maryland resident income tax return in order to be eligible for the tax credit. For married couples, at least one spouse must meet all residency requirements. The applicant must also have a “legal interest” in the property, which is defined as “an interest in a dwelling: as a sole owner; as a joint tenant; as a tenant in common; as a tenant by the entirety; through membership in a cooperative; under a land installment contract, or as a holder of a life estate.

22. In October 2007, the Maryland General Assembly passed a law that codified the requirement to receive the Homestead Tax Credit and instructed SDAT to establish a procedure for Maryland homeowners to certify their eligibility to receive the Homestead Tax Credit.

23. Prior to October 2007, the requirements for eligibility for the Homestead Tax Credit were the same.

24. In order to prevent the improper granting of the Homestead Tax Credit to rented properties or multiple properties of a single owner SDAT began mailing a one-time application to homeowners to establish eligibility for the tax credit. The application was included in the assessment notice mailed to one-third of Maryland homeowners at

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10 Anne Arundel County Maryland Website, Real Estate Charges, Credits and Exemptions tax records (Exhibit 1 at 09-9030_0002 – 09-9030_0005).
11 Id.
12 COMAR 18.07.03.01(B)(3). See also Maryland Assessment Procedures Manual (COMAR 18.07.03.01(B)(3)) at 1.
13 Memorandum of Interview of Witness A and Witness B (Exhibit 2 at 09-9030_0007).
14 Maryland Assessment Procedures Manual (COMAR 18.07.03.01(B)(3)) at 1.
15 COMAR Tax-Property, Title 9, Subtitle 1, §9-105 (A)(4).
16 COMAR 18.07.03.01(B)(3).
17 Memorandum of Interview of Witness A and Witness B (Exhibit 2 at 09-9030_0007).
18 Maryland Department of Assessments and Taxation Homestead Tax Credit Application (Exhibit 3 at 09-9030_0011 – 09-9030_0012).
C. Representative Stark's Homestead Tax Credit Application

25. The OCE requested a copy of the application Representative Stark submitted to Maryland from the Congressman. Representative Stark indicated that he did not have a copy of the application because he submitted it online. He then, without any prompting by the OCE, provided the OCE a hand-done version of the application he submitted online.\(^{20}\) On that document he indicated:

\[ \text{You must answer all questions and include the social security number of all homeowner(s).} \]

\[ \text{A homeowner is defined as any living person listed on the deed.} \]

\[ \begin{align*}
1. \text{Is the real property shown on this letter currently used, and expected to be used in the next calendar year as the single principal residence of the homeowner(s)?} & \quad \checkmark \text{Yes} \quad \square \text{No} \\
2. \text{Is this real property address the location where the homeowner(s) expect to file their next federal and Maryland income tax return if one is filed?} & \quad \checkmark \text{Yes} \quad \square \text{No} \quad \square \text{Not applicable (not filing)} \\
3. \text{Is this real property address the location from which the homeowner(s) have received a driver’s license or requested automobile licenses or vehicle registrations, if applicable?} & \\
   & \quad \checkmark \text{Yes} \quad \square \text{No} \quad \square \text{Not applicable (no license or vehicle registration)} \\
4. \text{Is this real property address the location from which the homeowner(s) are registered to vote, if registered?} & \\
   & \quad \checkmark \text{Yes} \quad \square \text{No} \quad \square \text{Not applicable (not registered)} \\
5. \text{Is any portion of the principal residence rented?} & \quad \checkmark \text{Yes} \quad \square \text{No}
\end{align*} \]

\(^{19}\) "The Homestead Tax Credit," Maryland Department of Assessments and Taxations, www.md.dat.md.us/isdaweb/homestead.html last viewed by staff on May 26, 2009.

\(^{20}\) Recreated Maryland Homestead Tax Credit application (Exhibit 4 at 09-9030_0014 – 09-9030_0015).
26. The OCE later obtained a copy of the application Representative Stark submitted on line from SDAT.\textsuperscript{\textit{11}} The information Congressman Stark originally submitted on-line (recorded by the State of Maryland) shows the following\textsuperscript{\textit{23}}:

27. The Board takes note of question 4 where Congressman Stark indicated that his home in Harwood, Maryland, was the property from which he was registered to vote. When the OCE inquired further, SDAT explained that when Congressman Stark initially filed his application he did in fact answer question 4 in the affirmative.\textsuperscript{\textit{23}}

\textsuperscript{11} The OCE sought and received Representative Stark's permission to request a copy of his Homestead Tax Credit application from Maryland.

\textsuperscript{23} Maryland Department of Assessments and Taxation Homestead Tax Credit online application for Representative Stark (Exhibit 3 at 09-9030_0017). The date displayed on the upper right corner of the document represents the day the document was printed in response to an OCE Request for Information.

\textsuperscript{23} Memorandum of Interview of Witness A and Witness B (Exhibit 2 at 09-9030_0009).
28. However, on or about March 16, 2009, according to SDAT records, Congressman Stark called the SDAT office and asked that his answer to question 4 be changed from the affirmative to the negative.\textsuperscript{24}

29. The Board notes that the first press report on a Member of Congress improperly receiving the Homestead Tax Credit appeared on March 14, 2009, two days before Representative Stark called to change his answer, in the \textit{New York Times} and concerned another Member of Congress.\textsuperscript{25}

30. Representative Stark told the OCE that both he and his wife are registered to vote in Alameda County, California.\textsuperscript{26}

31. Congressman Stark and his wife maintain California automobile licenses. Congressman Stark accurately answered this question on the Maryland application, however, based on SDAT procedures this did not disqualify him for the credit.\textsuperscript{27}

32. Representative Stark and his wife filed a 2008 California resident income tax return.\textsuperscript{28} Furthermore, it appears Representative Stark and his wife also filed a Maryland Non-Resident Income Tax Return for calendar year 2008.\textsuperscript{29} Both returns were filed from the Harwood, Maryland, address. According to Witness A, had SDAT been aware that

\textsuperscript{24} Maryland Department of Assessments and Taxation internal electronic note attached to Representative Stark’s Homestead Tax Credit file (Exhibit 6 at 09-9030_0019).

\textsuperscript{25}“Brons Representative Loses a Tax Break” \textit{The New York Times}, March 14, 2009 (Exhibit 7 at 09-9030_0021 – 09-9030_0022).

\textsuperscript{26} Memorandum of Interview Representative Stark (Exhibit 10 at 09-9030_0028).

\textsuperscript{27} Memorandum of Interview of Witness A and Witness B (Exhibit 2 at 09-9030_0008).

\textsuperscript{28} California Form 540-ES for Representative Stark and Mrs. Deborah Stark (Exhibit 8 at 09-9030_0024).

\textsuperscript{29} Letter from William G. Robinson to Representative and Mrs. Stark regarding their 2008 Maryland Non-resident Income Tax Return (Exhibit 9 at 09-9030_0026).
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Representative Stark filed a Maryland Non-Resident return, that fact alone would have been grounds to disallow the credit. However, given the vagueness of question 2, the Board notes that, despite SDAT’s intentions, the question appears to allow an applicant to answer the question in the affirmative if the applicant files either a Maryland resident or non-resident return from their Maryland address.

33. The Board notes that Representative Stark correctly answered question 3 of the application, relating to his driver’s license. According to Maryland law the fact that Representative Stark possessed a California driver’s license made him ineligible to receive the Homestead Tax Credit. However, SDAT’s internal policy is to not reject an application for the credit solely because the address is not the one from which the property owner receives a driver’s license. However, if this fact is brought to the attention of SDAT, then the credit may be revoked.

D. Interview with Representative Stark

34. The OCE interviewed Representative Stark on May 29, 2009. Representative Stark voluntarily agreed to an interview. At the beginning of the interview Representative Stark refused to discuss what he knew about the Maryland Homestead Tax Credit program and his eligibility. Eventually, he spoke in some detail about his application for the credit. Initially he indicated that he did not recall completing the application. However, later during the interview he stated that he personally completed the application online. Representative Stark also said that he was aware that the application for the tax credit had eligibility requirements. Representative Stark specifically expressed his knowledge that a person must be registered to vote in Maryland. After completing the form, Representative Stark recalled that the credit was denied.

35. When specifically asked, Representative Stark also stated that he did not call the Maryland State Department of Assessments and Taxation to change his answer to the tax credit application. The Congressman also said he could not think of anyone who would

---

30 Memorandum of Interview of Witness A and Witness B (Exhibit 2 at 09-9030_0009).
31 COMAR 18.07.03.01 (B)(3). See also Maryland Assessment Procedures Manual (COMAR 18.07.03.01(B)(3)) at 1.
32 Memorandum of Interview of Witness A and Witness B (Exhibit 2 at 09-9030_0008).
33 Id.
34 Memorandum of Interview Rep. Stark (Exhibit 10 at 09-9030_0028).
35 Id.
36 Id.
37 Id.
38 Id. at 09-9030_0029.
CONFIDENTIAL

Subject to the Nondisclosure Provisions of H. Res. 895 of the 110th Congress as Amended

have called SDAT on his behalf. He reviewed a copy of the online application he actually submitted, shown above in paragraph 20, and admitted that his answers to the voting question was incorrect. He could not explain why the answers were incorrect.40

36. Approximately 15 minutes into the interview it became apparent to the OCE staff that the Congressman was video recording the interview. A Request for Information was submitted to Representative Stark asking for a copy of the recording on July 31, 2009. Congressman Stark denied the request.41

III. CONCLUSION

37. For these reasons, the Board recommends that the Standards Committee further review of the above described allegations concerning Representative Stark.

IV. INFORMATION THE OCE WAS UNABLE TO OBTAIN AND RECOMMENDATIONS FOR THE ISSUANCE OF SUBPOENAS

38. There was no information relevant to this review that the Board was unable to obtain.

39 Id.
40 Id.
41 Id.
42 Request for Information to Representative Stark dated July 31, 2009 (Exhibit 11 at 09-9030_0031 – 09-9030_0033).
43 Email from Representative Stark’s Chief of Staff dated September 22, 2009 (Exhibit 12 at 09-9030_0035).
EXHIBIT 1
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REAL ESTATE CHARGES, CREDITS AND EXEMPTIONS

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**TOTAL CREDITS/EXEM.** -1,311.67

**NET TAX** 12,021.72
# Welcome to Anne Arundel County, MD

## Citizens Services Options Special

### REAL ESTATE CHARGES, CREDITS AND EXEMPTIONS

| Bill Year: | 2008 |
| Parcel ID: | 501446 |
| Location: | 433996 |

<p>| Owner | STARK JR, FORTNEY H |</p>
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**TOTAL CREDITS/EXEM.** 3,747.74

**NET TAX** 12,146.74

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http://unmearundel.munis-online.com/citizens/taxchg_end_page.asp?Parcel=100006859700...

5/5/2009
### REAL ESTATE CHARGES, CREDITS AND EXEMPTIONS

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**NET TAX** 12,468.91
EXHIBIT 2
MEMORANDUM OF INTERVIEW

In Re: Witness A and Witness B
Review No: 09-9030
Date: June 23, 2009
Location: Maryland State Department of Assessments and Taxation
          300 W. Preston Street
          Baltimore, MD 21201
Time: 13:45 hrs – 14:50 hrs (approximately)
Participants: Leo Wise
              Omar Ashmawy
              Bryson Morgan

Summary: Witness A is the Associate Director of the Maryland State Department of Assessments and Taxation (MDSDAT). In this capacity, he oversees the Maryland Homestead Tax Credit. Witness B is the Supervisor of the Homestead Tax Credit Application Program. Witness B oversees the eligibility of individuals for the Homestead Tax Credit.

1. Maryland created the Homestead Tax Credit program in 1977. In order to qualify for the Maryland Homestead Tax Credit, Maryland law requires the home to be used as the owner’s “principal residence” – where the homeowner regularly resides as is designated for voting, obtaining a driver’s license, and filing income tax returns.

2. Prior to 2007, a homeowner was automatically granted the Homestead Tax Credit if the owner was listed as a first-time homebuyer or if the address for the receipt of assessments and property taxes was the address of the taxable property, and (1) MDSDAT had not determined that the property was a rental property, (2) MDSDAT assessors had not discovered that the property was not owner-occupied, and (3) if mail was not being forwarded from the address.

3. Individuals receiving the Homestead Tax Credit who are nonetheless ineligible for the credit do not have an affirmative obligation to remove their property from the Homestead Tax Credit program. It is the obligation of the MDSDAT to discover ineligible recipients and remove them from the program.

Witness A and B MOI – Page 1 of 3
Office of Congressional Ethics

09-9030_0007
4. In order to prevent the improper granting of the homestead tax credit on rented or multiple properties of a single owner, the Maryland State Department of Assessments and Taxation began mailing a one-time application to homeowners to establish eligibility for the tax credit. The application was included in the assessment notice mailed to one-third of Maryland homeowners at the end of each calendar year, for a period of three years beginning December 2008.

5. The first round of applications was sent on December 27, 2007. The second round of applications was sent on December 31, 2008.

6. Individuals who failed to return the application will continue to receive the Homestead Tax Credit until December 21, 2012.

7. While the application asks five questions which mirror the requirements for the credit (single principal residence, location for filing income taxes, driver’s license, voter registration, rental status) if an applicant indicates that the property is their “single principal residence” and that they have used the address for the purposes of filing federal taxes MDSDAT automatically grants the tax credit.

8. MDSDAT does not reject a Homestead Tax Credit application solely because the applicant does not use the address as the location from which they are registered to vote, and this fact does not flag the application for further MDSDAT scrutiny. If this fact is brought to the attention of MDSDAT, however, the credit may be revoked.

9. MDSDAT does not reject a Homestead Tax Credit application solely because the address is not the one from which the owner has received a driver’s license, and this fact does not flag the application for further MDSDAT scrutiny. If this fact is brought to the attention of MDSDAT, however, the credit may be revoked.

10. Only if the person indicates that part of the property was rented would the application be approved yet “flagged” for later review by an MDSDAT employee. If, for example, an applicant indicated that the property was their “single principal residence” and their address for the purposes of filing federal taxes yet also indicated that it was not the address from which they were registered to vote or received a driver’s license, the application would be automatically approved and not flagged for further MDSDAT scrutiny. MDSDAT does not engage in a more thorough initial analysis of applications due to resource constraints.
11. The Homestead Tax Credit Application was mailed to Representative Stark’s Harwood, MD address on Dec. 31, 2008. Representative Stark returned the application, indicating that (1) the property was the “single principal residence” of the owner, (2) that the property was the location from which the homeowner would file federal and Maryland income tax returns, (3) that the address was not the location from which the owner had received a driver’s license or vehicle registrations, (4) that the address was the location from which the homeowner was registered to vote, and (5) that no part of the property was rented.

12. One or two days prior to March 16, 2009, Representative Stark contacted the MDSDAT and requested that his Homestead Tax Credit Application be changed to indicate that the address was not the address from which the owner was registered to vote. MDSDAT removed the Homestead Tax Credit from Representative Stark’s property on May 1, 2009.

13. MDSDAT records indicated that, at one time in the past, Representative Stark had been issued a Maryland driver’s license. If MDSDAT knew that Representative Stark held a valid California driver’s license at the time he submitted the application, that fact alone would have been grounds for rejection of the credit.

14. If MDSDAT knew that Representative Stark had filed a 2008 Maryland Non-Resident income tax return, that fact alone would have been grounds for rejections of the credit.


Omar S. Ashmawy
Investigative Counsel

Witness A and B MOI – Page 3 of 3

Office of Congressional Ethics

09-9030_0009
EXHIBIT 3
APPLICATION FOR HOMESTEAD TAX CREDIT ELIGIBILITY

- The Homestead Tax Credit law limits the amount of assessment increase on which eligible resident homeowners actually pay county, municipal, and State property taxes each year. This credit can have a significant impact on your real estate taxes regardless of your property’s value or your income level. If the property is used as your principal residence, you are strongly encouraged to complete this application.

- The reason why this application is required is to verify that the property owners only receive the benefit of this credit on their one principal residence. It also ensures that other homeowners entitled to the credit but not receiving it can also start to receive this benefit.

- A married couple may only have one principal residence under the provisions of this law. A homeowner who submits an application that is inconsistent with income tax and motor vehicle records of the State shall be required to later submit additional verification in order to be considered for the credit.

- If you have a specific question concerning the application, you may telephone 410-787-2165 in the Baltimore metropolitan area or on 1-866-650-8783 toll free elsewhere in Maryland.

- This application can be filled out on your pc; if hand written please print legibly. Please use black or blue ink only.

Section I

1. SDAT Real Property Tax Identification Number of the property for which Homestead Eligibility is requested.

**T**RUCTIONS: You must fill-in the property identification number in order to submit this application. The identification number is composed of the two digit county code where the property is located, followed by an account number of up to 14 characters in length. This information can be obtained from an assessment notice or by searching the Department’s online Real Property database. If using the online system, the account number displayed must be preceded by the appropriate two digit county code listed below. If you do not have the identification number click here to search the Real Property database.

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<tr>
<td>Anne Arundel - 02</td>
<td>Caroline - 06</td>
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<tr>
<td>Baltimore City - 03</td>
<td>Baltimore Co. - 04</td>
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<td>Charles - 09</td>
<td>Dorchester - 10</td>
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<tr>
<td>Harford - 12</td>
<td>Frederick - 11</td>
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<tr>
<td>Prince George's - 17</td>
<td>Garrett - 12</td>
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<td>Somerset - 20</td>
<td>Washington - 22</td>
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<tr>
<td>St. Mary's - 19</td>
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<td>Talbot - 21</td>
<td>Montgomery - 16</td>
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2. Address of the Property for which Application is being made:

real Address

City | MD | Zip code
---|---|---

09-9030_0011
### APPLICATION FOR HOMESTEAD TAX CREDIT ELIGIBILITY

#### Section II

You must answer all questions and include the social security number of all homeowner(s).

A homeowner is defined as any living person listed on the deed.

1. Is the real property shown on this letter currently used, and expected to be used in the next calendar year as the single principal residence of the homeowner(s)?
   - [ ] Yes
   - [ ] No

2. Is this real property address the location where the homeowner(s) expect to file their next federal and Maryland income tax return if one is filed?
   - [ ] Yes
   - [ ] No
   - [ ] Not applicable (not filing)

3. Is this real property address the location from which the homeowner(s) have received a driver’s license or requested automobile licenses or vehicle registrations, if applicable?
   - [ ] Yes
   - [ ] No
   - [ ] Not applicable (No License or Vehicle Registration)

4. Is this real property address the location from which the homeowner(s) are registered to vote, if registered?
   - [ ] Yes
   - [ ] No
   - [ ] Not applicable (not registered)

5. Is any portion of the principal residence rented?
   - [ ] Yes
   - [ ] No

All owners must also complete the section below. If there are more than four (4) owners complete this application and attach a separate sheet listing the names and Social Security numbers of the additional owners before mailing.

<table>
<thead>
<tr>
<th>Printed Name of Homeowner (First Name, Middle Initial, Last Name)</th>
<th>Social Security Number</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Printed Name of Spouse or Co-Homeowner (First Name, Middle Initial, Last Name)</td>
<td>Social Security Number</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Printed Name of Homeowner (First Name, Middle Initial, Last Name)</td>
<td>Social Security Number</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Printed Name of Homeowner (First Name, Middle Initial, Last Name)</td>
<td>Social Security Number</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In submitting this application I hereby declare under the penalties of perjury, pursuant to Tax Property Article, 1-201, Annotated Code of Maryland, that the application has been examined by me and the information contained herein, to the best of my knowledge and belief is true, correct and complete and that this property is my principal residence for the prescribed period. I understand that the Department may independently verify the above information by contacting, including but not limited to, the Internal Revenue Service, the Maryland Comptroller’s Office and the Motor Vehicle Administration.

Homeowner(s) Signature: __________________________ Spouse or Co-Owner’s Signature: __________________________ Date: __________________________

Telephone Number (Daytime): __________________________

Mail completed application to:

Department of Assessments and Taxation
Homestead Tax Credit Division
301 West Preston Street, 8th Floor
Baltimore MD 21201

**PELIMIES FOR PERJURY**

A person who willfully or with intent to evade payment of a tax under the Act provides false information or a false answer to a property tax interrogatory application is guilty of a misdemeanor and on conviction is subject to a fine not exceeding $5,000 or imprisonment not exceeding 18 months or both. Tax Property Article, § 14-1034. For example, it is willful intent for a homeowner to indicate a property is his or her principal residence when the property is used for another purpose, such as a rental or a vacation home.

**PRIVACY AND STATE DATA SECURITY NOTICE**

The purpose for which the information is sought is to determine your eligibility for a tax credit. Failure to provide this information will result in a denial of your application. Some of the information requested would be compiled a "Personal Record" as defined in State Government Article, § 10-224. Consequently, you have the statutory right to inspect your file and to file a written request to correct or amend any information you believe to be inaccurate or incomplete. Additionally, it is unlawful for any officer or employee of the state or any political subdivision to divulge any nonpublic personal information in an application or any tax return file except in accordance with a judicial or legislative order. However, this information is available to officers of the state, county or municipality in their official capacity and to taxing officials of any other state, or the federal government, as provided by statute.
EXHIBIT 4
APPLICATION FOR HOMESTEAD TAX CREDIT ELIGIBILITY

- The Homestead Tax Credit law limits the amount of assessment increase on which eligible resident homeowners actually pay county, municipal, and State property taxes each year. This credit can have a significant impact on your real estate taxes regardless of your property's value or your income level. If the property is used as your principal residence, you are strongly encouraged to complete this application.

- The reason why this application is required is to verify that the property owners only receive the benefit of this credit on their one principal residence. It also ensures that other homeowners entitled to the credit but not receiving it can also start to receive the benefit.

- A married couple may only have one principal residence under the provisions of this law. A homeowner who submits an application that is inconsistent with income tax and motor vehicle records of the State shall be required to later submit additional verification in order to be considered for the credit.

- If you have a specific question concerning the application, you may telephone 410-767-2105 in the Baltimore metropolitan area or on 1-800-830-3783 toll free elsewhere in Maryland.

This application can be filled out on your pc, hand written please print legibly. Please use black or blue ink only.

Section I

1. SDAT Real Property Tax Identification Number of the property for which Homestead Eligibility is requested.

INSTRUCTIONS: You must fill in the property identification number in order to submit this application. The identification number is composed of the two digit county code where the property is located, followed by an account number of up to 14 characters in length. This information can be obtained from an assessment notice or by accessing the Department's online Real Property database. If using the online system, the account number displayed must be preceded by the appropriate two digit county code listed below. If you do not have the identification number click here to search the Real Property database.

<table>
<thead>
<tr>
<th>County</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allegany</td>
<td>01</td>
</tr>
<tr>
<td>Anne Arundel</td>
<td>02</td>
</tr>
<tr>
<td>Baltimore</td>
<td>03</td>
</tr>
<tr>
<td>Harford</td>
<td>13</td>
</tr>
<tr>
<td>Howard</td>
<td>14</td>
</tr>
<tr>
<td>Montgomery</td>
<td>17</td>
</tr>
<tr>
<td>Prince George's</td>
<td>18</td>
</tr>
<tr>
<td>Queen Anne's</td>
<td>19</td>
</tr>
<tr>
<td>Carroll</td>
<td>20</td>
</tr>
<tr>
<td>Frederick</td>
<td>21</td>
</tr>
<tr>
<td>Montgomery</td>
<td>22</td>
</tr>
<tr>
<td>Baltimore Co.</td>
<td>23</td>
</tr>
<tr>
<td>Calvert</td>
<td>24</td>
</tr>
<tr>
<td>Charles</td>
<td>25</td>
</tr>
<tr>
<td>Dorchester</td>
<td>26</td>
</tr>
<tr>
<td>Kent</td>
<td>27</td>
</tr>
<tr>
<td>St. Mary's</td>
<td>28</td>
</tr>
<tr>
<td>Somerset</td>
<td>29</td>
</tr>
<tr>
<td>Worcester</td>
<td>30</td>
</tr>
</tbody>
</table>

County Code (From above) Identification Number (up to 14 digits)

<table>
<thead>
<tr>
<th>Co. Code</th>
<th>Ward</th>
<th>Section</th>
<th>Block</th>
<th>Lot</th>
</tr>
</thead>
<tbody>
<tr>
<td>03</td>
<td>63</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

2. Address of the Property for which Application is being made:

Street Address: _______

City: _______

State: MD Zip code: 20776

Date: _______

Signature: _______

Print name: _______

09-9030_0014
APPLICATION FOR HOMESTEAD TAX CREDIT ELIGIBILITY

Section II

YOU MUST ANSWER ALL QUESTIONS AND INCLUDE THE SOCIAL SECURITY NUMBER OF ALL HOMEOWNER(S).

A homeowner is defined as any living person listed on the deed.

1. Is the real property shown on this letter currently used, and expected to be used in the next calendar year as the single principal residence of the homeowner(s)? □ Yes □ No

2. Is this real property address the location where the homeowner(s) expect to file their next federal and Maryland income tax return if one is filed? □ Yes □ No □ Not applicable (not filing)

3. Is this real property address the location from which the homeowner(s) have received a driver's license or requested automobile licenses or vehicle registrations, if applicable? □ Yes □ No □ Not applicable (no License or Vehicle Registration)

4. Is this real property address the location from which the homeowner(s) are registered to vote, if registered? □ Yes □ No □ Not applicable (not Registered)

5. Is any portion of the principal residence rented? □ Yes □ No

All owners must also complete the section below. If there are more than four (4) owners complete this application and attach a separate sheet listing the names and Social Security numbers of the additional owners before mailing.

Printed Name of Homeowner (First Name, Middle Initial, Last, Suffix) ___________________________ Social Security Number ___________________________

Printed Name of Spouse or Joint Homeowner (First Name, Middle Initial, Last, Suffix) ___________________________ Social Security Number ___________________________

Printed Name of Homeowner (First Name, Middle Initial, Last, Suffix) ___________________________ Social Security Number ___________________________

Printed Name of Homeowner (First Name, Middle Initial, Last, Suffix) ___________________________ Social Security Number ___________________________

In submitting this application I hereby declare under the penalties of perjury, pursuant to Tax Property Article, 1-301, Annotated Code of Maryland, that the application has been examined by me and the information contained herein, to the best of my knowledge and belief is true, correct and complete and that this property is my principal residence for the prescribed period. I understand that the Department may independently verify the above information by contacting, including but not limited to, the Internal Revenue Service, the Maryland Commissioner’s Office and the Motor Vehicle Administration.

Homeworker's Signature ___________________________ Date ___________________________

Spouse or Joint Owner's Signature ___________________________

Telephone Number (Daytime) ___________________________

Mail completed application to: Department of Assessments and Taxation Homestead Tax Credit Division 301 West Preston Street, 4th Floor Baltimore, MD 21201

PENALTIES FOR FRAUD

A person who wilfully or with intent to evade payment of a tax under this title provides false information or a false answer to a property tax informational application or falsely signs a homestead and on conviction is subject to a fine not exceeding $10,000 or imprisonment not exceeding 10 years or both. 'Tax Property' means, 1-1045. For example, a fine will be assessed to a homeowner to include a property tax or homestead residence where a property is used for another purpose, such as a rental or a vacation home.

PRIVACY AND DATA SECURITY NOTICE

The principal purpose for which this information is sought is to determine eligibility for a homestead. Failure to provide this information will result in a denial of your application. Some of the information requested would be considered a "Personal Record" as defined in State Government Article, §10-624. Consequently, you have the statutory right to inspect your file and to file a written request to amend or remove any information you believe to be inaccurate or incomplete. Additionally, it is unlawful for any officer or employee of the state or any political subdivision to divulge any invoice performed or filed in the application or any tax return filed in accordance with this or any other law. The information is maintained in accordance with a secret or regarded order. However, this information is available to officers of the state, county or municipality in their official capacity and to officers of other states, or of the federal government, as provided by statute.

09-9030_0015
EXHIBIT 5
<table>
<thead>
<tr>
<th>Y</th>
<th>1. Will the real property be used as the single, principal residence of the homeowner(s) for more than six (6) months of the calendar year, including July 1? (Y/N)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y</td>
<td>2. Is this real property address the location where the homeowner(s) will file the federal and Maryland income tax return due on April 15th, if one is filed? (Y/N/NA)</td>
</tr>
<tr>
<td>N</td>
<td>3. Is this real property address the location from which the homeowner(s) have received a driver's license or requested automobile licenses or vehicle registrations, if applicable? (Y/N/NA)</td>
</tr>
<tr>
<td>Y</td>
<td>4. Is this real property address the location from which the homeowner(s) are registered to vote, if registered? (Y/N/NA)</td>
</tr>
<tr>
<td>N</td>
<td>5. Is any portion of the principal residence rented? (Y/N)</td>
</tr>
</tbody>
</table>

09-9030_0017
EXHIBIT 6
MR. STARK CALLED TO CHANGE ANSWER TO QUESTION #4 FROM YES TO NO. 3/16/09.

IF ANYONE HAS QUESTIONS ABOUT THIS FILE, YOU SHOULD CONTACT ROBERT YOUNG IN ADMINISTRATION. DO NOT ANSWER QUESTIONS ABOUT THIS FILE.
EXHIBIT 7
March 14, 2009

Bronx Representative Loses a Tax Break

BY THE ASSOCIATED PRESS

ANNAPOLIS, Md. (AP) — Maryland tax officials said that a New York representative is not entitled to a residents’ tax break on the house in a Washington suburb that he has claimed as his primary residence for at least 10 years.

The representative, Eliot Engel, calls himself a lifelong resident of the Bronx, where he rents an apartment. But he and his wife list the house in Potomac, Md., as their primary house on Maryland property tax forms.

They paid nearly $500,000 for the house in 1993, and it has almost doubled in value. The Engels have received thousands of dollars in tax credits that are reserved for people who declare Maryland their home.

The state agency made the decision on the credits late last month.

Mr. Engel, whose district includes much of the northern Bronx and parts of Westchester and Rockland Counties, is not the only politician who has been found to be improperly receiving the credit. Maryland tax officials first revoked his credit in late 2005, about the time that several elected officials representing other states were informed that they would have their credits removed.

Mr. Engel and his wife contested the loss of their Maryland primary-residence status, which was reinstated, then revoked again after Maryland laws were changed recently.

Jeremy Tomasulo, an aide to the congressman, maintains that Mr. Engel’s primary residence has always been in the Bronx.

But his property tax documents say otherwise, a claim that was worth nearly $7,000 in credits to Mr. Engel and his wife over the past four years because people in Maryland are eligible for state and county tax breaks on their primary residence.

To receive the credit, homeowners must live in Maryland at least six months of the year, have a Maryland driver’s license, be registered to vote in Maryland and file Maryland income taxes.

Mr. Engel and his wife do not qualify since they both have New York licenses and vote in New York. Mr. Tomasulo said that Mr. Engel filed his income taxes in New York, and did not respond to questions about Ms. Engel’s taxes.

Aides to Mr. Engel said that he had previously responded to an inquiry by the Montgomery County Department of Finance, which said that he was eligible for an exemption.

Roberta Ward, manager of the Montgomery County office of the Maryland Department of Assessments and Taxation, said her office handled that inquiry. She said Mr. Engel’s primary residence claim was reviewed, but was reinstated after an appeal that included the submission of Maryland income tax records for his wife.

Since then, however, Maryland has tightened the eligibility requirements. Now, at least one spouse of a homeownership couple must meet all the residency requirements.

Mr. Tomasulo said Mr. Engel believed that the credit should be removed if he is not eligible.

“He will await their determination of his status and will make sure that he is in full compliance with their evaluation,” Mr. Tomasulo said in an e-mail message.

Mr. Engel was re-elected at least five times to represent the Bronx while property tax documents indicated his primary residence was in Potomac.

New York and federal laws require that representatives be inhabitants of the state they represent when they are elected.

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http://www.nytimes.com/2009/03/14/nyregion/14engel.html?_r=1&sq=Bronx+Representat...
EXHIBIT 8
Payment Voucher 4 - File and Pay by Jan. 15, 2009. If amount of payment is less, do not mail this form.

When the due date falls on a weekend or holiday, the deadline to file and pay without penalty is extended to the next business day.

WHERE TO FILE: Mail checks or money orders payable to the "Franchise Tax Board." Write the taxpayer's social security number or ITIN and "2008 Form 540-ES" on the check or money order. Delayed the voucher below. Endorse, but do not staple, payment with the voucher and mail to:

FRANCHISE TAX BOARD
PO BOX 942857
SACRAMENTO CA 94285-0857

Include all checks or money orders payable in U.S. dollars and drawn against a U.S. financial institution.

PAY ONLINE: Use Web Pay and enjoy the ease of our free online payment service. Go to our Website at www.frb.ca.gov and search for "Payment Options." Do not mail this form if you use Web Pay.
EXHIBIT 9
May 1, 2009

Mr. and Mrs. Portney H. Stark, Jr.
Warwood, MD 20776

Dear Mr. and Mrs. Stark:

Enclosed find an original and copy of Form 505—Maryland Non-resident Income Tax Return (2008). This is a corrected return, as you were advised. The original and copy of the return previously sent to you should be destroyed.

The original return should be signed and dated by both of you and filed with the Comptroller of Maryland, Revenue Administration Division, Annapolis, MD 21411-0001 as soon as possible.

A check for $188.00 made payable to the Comptroller of Maryland should accompany the return. Your social security number and "2008 Form MD 505" should be written on the check.

The copy of the return should be kept in your files.

Yours very truly,

William G. Robinson

WGR/jph
Enclosures
EXHIBIT 10
Memorandum of Interview

In Re: Representative Fortney Pete Stark
Review #: 09-9030
Date: July 29, 2009
Location: 239 Cannon Building
Time: 12:00 pm – 12:45 (approximately)
Participants: Omar Ashmawy
Kedric L. Payne

Summary: Rep. Pete Stark represents the 13th Congressional District of California. The OCE Board initiated a preliminary review and subsequently a second-phase review into allegations a home owned by Representative Pete Stark received a Maryland homestead tax credit after October 2007. By receiving this credit Representative Stark’s conduct may have violated Maryland state law and House Rule 23. We requested an interview with Rep. Pete Stark and he consented to an interview. Rep. Stark made the following statements in response to our questioning:

1. Rep. Stark was given an 18 U.S.C. § 1001 warning, but would not sign a written acknowledgement of the warning until he spoke with his attorney. However, he consented to an interview.

2. Rep. Stark initially stated during the interview that he did not know anything about the Maryland Homestead Tax Credit. Rep. Stark then stated that he did not choose to discuss what he knows about the Maryland Homestead Tax Credit. Later during the interview, he explained that he knew that the application for the Tax Credit had requirements for being eligible for the tax credit, including that a person must be registered to vote in Maryland.

3. Rep. Stark initially stated during the interview that he did not recall completing the Tax Credit application online. Later during the interview, he stated that he did in fact personally complete the on-line application for the Tax Credit. Rep. Stark recalls receiving the form at the beginning of 2009. After completing the form, he stated that he was denied the Tax Credit.

4. He stated that neither owner of he nor his wife is registered to vote in Maryland.
5. Rep. Stark stated that he did not call the Maryland State Department of Assessments and Taxation Taxpayer Services Division ("SDOT") to change his answers to the Tax Credit application on March 16, 2009. He also stated that he cannot think of anyone who would have called SDOT on his behalf.

6. During the interview, Rep. Stark reviewed his calendar on his computer and stated that he was at John Hopkins on March 16, 2009, around 2:00 pm or 3:00 pm. Rep. Stark stated that he will not provide the OCE with his calendar.

7. Rep. Stark reviewed the OCE's copy of the online Tax Credit application and the "recreated" version that he provided. He recognized that the answers in the on-line application are incorrect. He explained that he does not know why the on-line application is incorrect.

8. Throughout the interview Rep. Stark was extremely belligerent and frequently insulted the OCE staff members interviewing him. Approximately 15 minutes into the interview it also became apparent to the OCE interviewers that Rep. Stark was videotaping the exchange.


Kedric Payne
Investigative Counsel
July 31, 2009

Honorable Pete Stark
239 Cannon HOB
Washington, DC 20515

THIRD REQUEST FOR INFORMATION
Re: Review No. 09-9030

Dear Congressman Stark:

This Request for Information is pursuant to a Second-Phase Review authorized by the Board of the Office of Congressional Ethics (OCE) on June 26, 2009.

Thank you for your response to our First and Second Requests for Information. We request the following additional cooperation:

(1) A copy of the video recording made during the July 29, 2009 interview between
Representative Pete Stark and staff members of the OCE in Representative Stark’s office.

OCE may make additional information requests, as warranted by the facts and circumstances of this Review. In addition, we will review any additional information you feel is relevant that we have not requested.

The Review commenced on June 29, 2009 and, unless extended by the Board in accordance with our rules, will terminate on August 12, 2009. Please note that at that time, under House Resolution 895 of the 110th Congress, as amended by House Resolution 5 of the 111th Congress, and OCE Rule 7, the Board may draw a negative inference from any refusal to cooperate and may include a statement to that effect in any referral to the Committee on Standards of Official Conduct.
If you have any questions regarding this request or require any assistance in the production of the information requested, please do not hesitate to contact Omar Ashmawy, Investigative Counsel, at (202) 225-9739 or omar.ashmawy@mail.house.gov.

Very respectfully,

[Signature]

Leo Wise
Staff Director and Chief Counsel
OFFICE OF CONGRESSIONAL ETHICS
UNITED STATES HOUSE OF REPRESENTATIVES

REQUEST FOR INFORMATION – ACKNOWLEDGEMENT OF RECEIPT

Please sign the following and return to the OCE by facsimile at (202) 226-0997.

I hereby acknowledge receipt of a Request for Information in Review No. 9030. By so signing, I merely acknowledge receipt of this document.

Member or Designee’s Signature: _______________________________________

Member or Designee’s Name: ____________________________________________

Date: __________________________

09-9030_0033
EXHIBIT 12
Ashmawy, Omar

From: Curtis, Debbie
Sent: Tuesday, September 22, 2009 6:25 PM
To: Ashmawy, Omar
Subject: Re: OCE - Follow up
Importance: High

he acknowledged receipt and does not intend to respond further.

Debbie Curtis
Chief of Staff
Rep. Pete Stark (CA-13)
(202)225-5065

On Sep 22, 2009, at 6:16 PM, Ashmawy, Omar wrote:

Debbie,

Thank you. When can we expect a response?

Thank you,

Omar

Omar S. Ashmawy, Investigative Counsel
U.S. House of Representatives
Office of Congressional Ethics
1017 Longworth Building
Washington, DC 20515

Office: (202) 225-9739
Fax: (202) 226-0997

From: Curtis, Debbie
Sent: Tuesday, September 22, 2009 6:12 PM
To: Ashmawy, Omar
Subject: Re: OCE - Follow up
Importance: High

I just faxed back the signed acknowledgement of the letter. He thought he'd sent that back in early August.

Debbie Curtis
Chief of Staff
Rep. Pete Stark (CA-13)
(202)225-5065
Appendix C

Representative Fortney "Pete" Stark's Response to the Report and Findings of the Office of Congressional Ethics
HAND DELIVERED

Representative Zoe Lofgren, Chairwoman
Representative Jo Bonner, Ranking Member
House Committee on Standards of Official Conduct
HT-2, The Capitol
Washington, DC 20515

Re: The Honorable Fortney "Pete" Stark, Referral of
OCE Review No. 89-8038

Dear Chairwoman Lofgren and Ranking Member Bonner:

On behalf of our client Congressman Fortney "Pete" Stark, we submit this response to the November 12, 2009, Report and Findings from the Office of Congressional Ethics ("OCE"). The OCE's Report asserts that "Representative Stark's conduct may have violated Maryland law and the code of Ethics for Government Service if he misrepresented information on the Application for Homestead Tax Credit Eligibility in order to prove eligibility."

The facts presented in the OCE's Report and Findings do not support this conclusion. To the contrary, they establish that: 1) Rep. Stark did not intentionally misrepresent information to the State of Maryland; 2) he received no tax benefits as a result of his action; and 3) under state law he is likely currently eligible for the Homestead Tax Credit. While the OCE's conclusions are flawed, the underlying validity of the Report is also at issue. As with the matter addressed in this Committee's October 29, 2009, Report in the Matter of Representative Sam Graves (hereinafter, "Graves Report"), the OCE has again violated its regulations, this time by exceeding its maximum 89-day review period by over two months.

Given these legal and factual flaws, this Committee should conclude both that Rep. Stark violated no applicable rules or standards and that the OCE's Report and Findings referring this matter are invalid as a matter of law.
Rep. Stark Did Not Intentionally Misrepresent Information to the State of Maryland, Received No Tax Benefit, and Likely Would Be Eligible to Receive the Homestead Tax Credit.

The OCE’s Findings presents a report from Maryland purporting to indicate that Rep. Stark erroneously listed that state as the “location from which the homeowner(s) are registered to vote.” See OCE’s Findings of Fact and Citations to Law (“Findings”) at 9, ¶ 26 (displaying record reflecting Rep. Stark’s tax application). The OCE apparently relies on this record to conclude that Rep. Stark improperly attempted to satisfy the Maryland requirements for eligibility for a Homestead Tax Credit. However, Rep. Stark informed the OCE that he did not indicate on his online application that he was registered to vote in Maryland. Id., Ex. 10, ¶ 7. Nor does Rep. Stark concede that he later contacted the state to “correct” the record of the online form. Id., Ex. 10, ¶ 5.

A close examination of the evidence reveals the holes in the OCE’s assessment. First, the OCE’s premise that Rep. Stark intentionally misrepresented his voting status in an attempt to qualify for the Homestead Tax Credit is nonsensical. If, as the OCE maintains, both voting status and possession of a Maryland state driver’s license are absolute prerequisites for the credit, it would not have helped Rep. Stark to claim the former while acknowledging the absence of the latter; Maryland would still have rejected his application, as it ultimately did. A far more plausible explanation is that the state made a data-entry error in compiling the information (and, as the OCE notes, id. at 9, ¶ 26, the representation of Rep. Stark’s answers is not a reproduction of the form that he completed, but merely a “record” of the answers on that form). Alternatively, Rep. Stark may have mistakenly indicated on his application that he was registered to vote in Maryland. Of course, contrary to the OCE’s assertion, neither of these scenarios establishes intentional misrepresentation by Rep. Stark.

A review of the Maryland Application for Homestead Tax Credit Eligibility supports the conclusion that Rep. Stark did not intentionally misrepresent his voting status. See id., Ex. 3. The application does not indicate that a homeowner’s voting and driver’s license status determine eligibility for the Credit. Instead, the introductory section of the form indicates that “this application is required to verify that the property owners only receive the benefit of this credit on their one principal residence.”

1 Utilizing Rep. Stark’s statements from the Memorandum of Interview prepared by the OCE is problematic, given that the OCE counsel prepared this document from his handwritten notes of the interview with Rep. Stark. While we will utilize these notes for purposes of this response, Rep. Stark does not concede that they are an accurate or complete transcript of his statements during that meeting.

2 We can offer no explanation for this discrepancy other than to speculate that media inquiries relating to this matter may have prompted a state official to review and amend the record.
Similarly, the attestation preceding the signature block simply requires the homeowner to declare that "this property is my principal residence for the prescribed period"; it omits any other qualifications for the credit. Accordingly, when he completed the application Rep. Stark would not have known that his voting or driver’s license status would determine his eligibility for the tax credit. Nor would he have had any reason to believe that he would not qualify for the credit, despite holding a California driver’s license and voting registration. Indeed, under any plain-language definition of the term Rep. Stark’s Maryland home is his principal residence.3

The OCE also elides two additional, important facts. First, Rep. Stark received no tax benefit from Maryland as a result of the application in question, as he indicated to the OCE in his interview. See id. at 11, ¶ 34. The state ultimately rejected his application for the tax credit. See id., Ex. 1 (Maryland Real Property Data Search). Despite this absence of any benefit to Rep. Stark, the OCE fails to indicate why referral to this Committee remains appropriate. Cf. Graves Report at 27-28 (absence of financial benefit to member informs Committee’s analysis). Second, under Maryland law Rep. Stark may be eligible for the tax credit, despite his status as a California voter and driver’s license holder. As noted above, the application does not preclude such status on its face. Nor does the language of the Maryland Bill creating the Credit Application preclude such eligibility. See Maryland House Bill 436 (2007 Sess.) (authorizing State Department of Assessments and Taxation to create credit application, but not specifying eligibility requirements) (Attachment A). While a discussion of the legal requirements for such eligibility is beyond the scope of this letter, it seems sufficient to note that Rep. Stark might be eligible for the Homestead Tax Credit if he chose to contest the state’s decision.

In sum, the OCE’s conclusion that Rep. Stark intentionally misrepresented his voting status to gain an improper benefit is not justified by the facts or law.


The OCE also ignores the explicit time periods for conducting its inquiry set forth in House Resolution 895, ultimately exceeding the review period by over two months. On June 2, 2009, the OCE wrote to Rep. Stark informing him that it had “initiated a preliminary review.” (Attachment B). Three days later, it wrote another letter informing him that the Board had “authorized” a preliminary review on May 29, 2009. (Attachment C). As this Committee discussed in Graves, the OCE should have commenced its review on May 29, when the Board authorized action. See Graves Report at 40.

3 Rep. Stark rents an apartment in his California district and occupies no other residential properties.
Regardless of the OCE’s confusion, its inquiry should have taken no more than the 89-day maximum period permitted by House Resolution 895. As the so-called “Capuano Report” stated, “Members of the Task Force believe that the timeline requirements instituted by the new process are critical: matters will spend at most three months under consideration by the board of the OCE before being referred to the Standards Committee for resolution.” Special Task Force on Ethics Enforcement, Report of the Democratic Members of the Special Task Force on Ethics Enforcement, 110th Cong., 1st Sess., at 14 (2007) (emphasis added); see also Graves Report at 53 n.259. However, the OCE did not vote on this matter until October 23, 2009 and waited until November 12, 2009 to provide its Report and Findings to this Committee. Under any fair reading of the rules, OCE failed to abide by its 89-day review period and exceeded its deadline by over two months. Accordingly, the OCE’s final action occurred well after its regulatory oversight terminated and this Committee should deem its Report and Findings invalid. See Graves Report at 52-53 (“Because the Board did not vote on or before June 9, 2009, OCE’s review involving Representative Graves legally terminated on June 9, 2009.”).

III. Conclusion

The OCE’s decision to refer this matter to the Committee is supported by neither facts nor law. The information contained in the Report and Findings indicate that Rep. Stark did not intentionally misrepresent information to the state of Maryland; nor did he receive any improper benefit as a result of his actions. Moreover, the OCE’s failure to abide by its applicable time limitations renders its Referral invalid.

Given the above, this Committee should reject the OCE’s Report and Findings and dismiss this matter expeditiously.

Sincerely,

[Signature]

Andrew D. Herman

SMB/ADH:mob
Brand Law Group
Hon. Zoe Lofgren & Hon. Jo Bonner
December 1, 2009
Page 6

I have reviewed and approved all legal arguments and factual assertions presented in my response to the OCE’s Report and Findings.

[Signature]
Hon. Fortney "Pete" Stark
EXHIBIT A
HOUSE BILL 436

ENROLLED BILL

Ways and Means/Budget and Taxation

Introduced by Delegates Kaiser, Aumann, Barnes, Beidle, V. Clagett, Conway, Frush, Gaines, Gilchrist, Healey, Hubbard, Lawton, Love, Mathias, Montgomery, Niemann, Pena-Melnyk, Riley, Ross, Simmons, Sophocles, Walstreicher, and Wallace Walker, Bartlett, Barve, Cardin, Doory, Elmore, George, Hixson, Howard, Ivey, Jennings, N. King, Krebs, Mckee, Murphy, Olzewski, Rice, Stukes, and F. Turner

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this day of ______ at __________ o'clock, ______ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

Homestead Tax Credit – Eligibility Verification – Application

2 FOR the purpose of requiring homeowners to file certain applications to the State Department of Assessments and Taxation to qualify for the homestead property tax credit; providing that the homestead property tax credit may not be granted unless an application is filed as required within certain time periods under

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Bracketed] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

Strikethrough indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber/confere committee amendments.
certain circumstances; providing that the Department shall provide the option
for an application to be submitted on the Department's website; requiring the
Comptroller to cooperate with the Department in adopting a certain procedure,
provide certain information to the Department, and assist the Department in a
postaudit of each application; requiring the counties to reimburse the
Department for the administration of the homestead property tax credit
application process; providing for a certain reporting requirement to certain
committees of the General Assembly; and generally relating to the homestead
property tax credit.

BY repealing and reenacting, with amendments,

Article -- Tax -- Property
Section 9–105(d)(1)
(1994 Annotated Code of Maryland
(1994 Supplement)

BY adding to

Article -- Tax -- Property
Section 9–105(d)(5) and (6)
(1994 Annotated Code of Maryland
(1994 Supplement)

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

Article -- Tax -- Property

9–105.

(d) (1) [The] SUBJECT TO THE PROVISIONS OF PARAGRAPH (6) OF
THIS SUBSECTION, 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.

(i) To qualify for the credit under this section, a
homeowner shall submit an application for the credit to the
department as provided in this paragraph.

(ii) The application shall:

1. be made on the form that the department
provides;

2. provide the information required by the
form; and

3. include a statement by the homeowner
under oath that the facts stated in the application are true,
correct, and complete.

(iii) The department may not authorize and the
state, county, and municipal corporation may not grant the
property tax credit under this section for a dwelling unless an
application is filed with the department as required under this
paragraph:

1. on or before September 1 within 180
days following the date the dwelling is transferred for
consideration to new ownership, for a dwelling that is transferred
for consideration to new ownership after December 31, 2007; or

2. on or before December 31, 2012, for a
dwelling that was last transferred for consideration to new
ownership on or before December 31, 2007.

(iv) The department shall provide a homeowner the
option to submit the application required under this paragraph
electronically on the department’s website.

(i) The comptroller shall:
(1) Cooperate with the Department in adopting a
procedure to audit the application forms submitted under this
section;

(2) Notwithstanding § 13-202 of the Tax—General
Article, provide additional information to the Department; and

(3) Assist the Department in a postaudit of each
application.

(m) (1) The counties shall reimburse the Department for
the administration of the application process under subsection
(d)(6) of this section.

(2) For each fiscal year, the reimbursement required
under this subsection shall be prorated based on the ratio of the
number of improved properties that would be eligible for the credit
under this section located in the county compared to the total
number of improved residential properties eligible for the credit
under this section statewide as of July 1 of that fiscal year.

(3) The Department shall bill each county according to
the formula under paragraph (2) of this subsection.

SECTION 2. AND BE IT FURTHER ENACTED, That the State Department of
Assessments and Taxation, in consultation with the Comptroller of the Treasury, shall
initiate two studies of the implementation of the homestead property tax credit
eligibility application process as provided under this Act. The studies shall provide
information on:

(1) the application required by the Department;

(2) the education and outreach methods used by the Department to
notify affected taxpayers about the required application;

(3) the aggregate number of applications received from taxpayers by
county and the methods by which applications have been submitted;

(4) the methods used by the Department to collect, maintain, and
analyze data collected from applications:
(5) the application audit and postaudit process adopted by the
Department; and

(6) any other pertinent issues related to the application process.

The first study shall be submitted, subject to § 2–1246 of the State Government
Article, to the Senate Budget and Taxation Committee and the House Committee on
Ways and Means on or before January 1, 2009, so that the committees may review the
report during the 2009 legislative session. The second study shall be submitted,
subject to § 2–1246 of the State Government Article, to the Senate Budget and
Taxation Committee and the House Committee on Ways and Means on or before
January 1, 2010, so that the committees may review the report during the 2010
legislative session.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
effect October 1, 2007.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.
EXHIBIT B
June 2, 2009

Honorable Pete Stark
239 Cannon House
Washington, DC 20515

INITIATION OF A PRELIMINARY REVIEW
Re: Review No. 09-9030

Dear Congressman Stark:

The Board of the Office of Congressional Ethics (OCE) has initiated a preliminary review into allegations concerning you pursuant to H. Res. 495, Section 1, clause (c)(1)(A) of the 110th Congress, as amended by H. Res. 5 of the 111th Congress, and Rule 7 of the OCE’s Rules for the Conduct of Investigations. Below is a statement of the nature of the review:

A house owned by Representative Pete Stark received a Maryland homestead tax credit after October 2007.

By receiving this credit Representative Stark’s conduct may have violated Maryland state law and House Rule 23.

The Board reserves the authority to address any additional, related potential violations within its jurisdiction that may be discovered in the course of this Review.

Respectfully yours,

Leo Wise
Staff Director and Chief Counsel

Attachment
EXHIBIT C
June 5, 2009

Honorable Pete Stark
239 Cannon HOB
Washington, DC 20515

REQUEST FOR INFORMATION
Re: Review No. 09-9030

Dear Congressman Stark:

This Request for Information is pursuant to a Preliminary Review authorized by the Board of the Office of Congressional Ethics (OCE) on May 29, 2009. The Review shall initiate on June 5, 2009.

In accordance with Rule 7(D) and 7(E) of the Office of Congressional Ethics’ Rules for the Conduct of Investigations (“OCE Rules”), a preliminary report must be completed and delivered to the Board within 30 days of the initiation of a Review. That report will be prepared for the Board and it will evaluate the matter based on the information available at the end of that 30 days. Your timely cooperation is appreciated and will assist the Board in reaching an informed and accurate decision.

Please provide the following information:

(1) Representative Stark’s application for Maryland’s Homestead tax credit eligibility for tax year 2008.

(2) A copy of any application and any related documents Representative Stark received from the state of Maryland at the end of 2008 for Maryland’s Homestead Tax Credit in the event she did not submit the application.

(3) Documentation showing in what state or states Representative Stark and any other individual who owns or lives at the property filed state income tax for tax year 2008.
(4) Documentation showing what state or states Representative Stark and any other individual who owns or lives at the property was registered to vote in 2008.

(5) Documentation showing what state or states Representative Stark and any other individual who owns or lives at the property was licensed to drive in 2008.

(6) Any documents submitted by Representative Stark and/or any other individual who owns or lives at the property to the Montgomery County office of the Maryland Department of Assessments and Taxation for tax year 2008.

(7) Any documents received by Representative Stark and/or any other individual who owns or lives at the property from the Montgomery County office of the Maryland Department of Assessments and Taxation for tax year 2008.

(8) OCE requests the opportunity to interview you at a mutually convenient time.

OCE may make additional information requests, as warranted by the facts and circumstances of this Review. In addition, we will review any additional information you feel is relevant that we have not requested.

If you are not providing a requested document or piece of information, then please identify the document or information withheld and why it is being withheld.

Please note that under House Resolution 895 of the 110th Congress, as amended by House Resolution 5 of the 111th Congress, and OCE Rule 7, the Board may draw a negative inference from any refusal to cooperate and may include a statement to that effect in any referral to the Committee on Standards of Official Conduct.

If you have any questions regarding this request or require any assistance in the production of the information requested, please do not hesitate to contact Omar Ashmawy, Investigative Counsel, at (202) 225-9739 or omar.ashmawy@mail.house.gov.

Very respectfully,

Leo Wise
Staff Director and Chief Counsel