

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 48

(Chair, Budget and Taxation Committee)(By Request -
Departmental - Assessments and Taxation)

Budget and Taxation

Ways and Means

Property Tax - Homeowners' and Renters' Property Tax Credits - Deadlines

This departmental bill alters various deadlines for the application and processing for the homeowners' and renters' property tax credits. **The bill takes effect June 1, 2020, and applies to taxable years beginning after June 30, 2020.**

Fiscal Summary

State Effect: The change is procedural in nature and does not directly affect governmental finances.

Local Effect: None.

Small Business Effect: The State Department of Assessments and Taxation (SDAT) has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Bill Summary/Current Law: The bill (1) extends the deadline to apply for the Renters' Property Tax Credit Program from September 1 to October 1; (2) extends the deadline to apply for the Homeowners' Property Tax Credit Program from September 1 to October 1; (3) specifies that SDAT must make the application for the Homeowners' Property Tax Credit Program available by February 15; and (4) changes the date by which SDAT must request specified billing information from local governments from May 1 to April 15.

Background: The Homeowners' Property Tax Credit Program (Circuit Breaker) is a State-funded program (*i.e.*, the State reimburses local governments) providing credits against State and local real property taxation for homeowners who qualify based on a sliding scale of property tax liability and income. The fiscal 2020 State budget included \$66.5 million in funding for the program. Approximately 52,800 homeowners are expected to benefit from the program in fiscal 2020.

The Renters' Property Tax Credit Program provides financial assistance for elderly, disabled, and certain low-income renters from the cost attributable to State and local real property taxes. The concept behind the program is that renters indirectly pay property taxes as part of their rent and, thus, should have some protection, as do homeowners. The program makes payments directly to eligible renters to provide relief for the "assumed property tax" that renters indirectly pay as part of their rent. Approximately 9,900 individuals are expected to benefit from the program in fiscal 2020, at an estimated State cost of \$4.4 million.

The bill is intended to make the submission and processing of applications for the Homeowners' Property Tax Credit and Renters' Property Tax Credit programs easier for both SDAT and program applicants.

Currently, SDAT must process all homeowners' applications received by May 1 so that they can be included on the counties' July 1 tax bills. As a result, SDAT must process all applications and be ready to transmit to local governments as soon as May 28 for some counties. SDAT reports that moving this deadline from May 1 to April 15 would provide the department two additional weeks so as to ensure that all of these applications are processed accurately and on time.

Current law requires applicants to submit their annual homeowners' and renters' property tax credit applications by September 1, but allows SDAT to accept applications through October 31 for "good cause." The bill moves the initial deadline to October 1, which will allow for additional time for individuals to submit applications.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Maryland Association of Counties (MACo); the State Department of Assessments and Taxation; Department of Legislative Services

Fiscal Note History: First Reader - January 8, 2020
af/hlb Third Reader - January 23, 2020

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Property Tax – Homeowners’ and Renters’ Property Tax Credit - Deadlines

BILL NUMBER: Senate Bill 48

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PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

X WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

 WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation will not have an economic impact.