

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE
Revised

House Bill 644

(Delegate Metzgar, *et al.*)

Ways and Means

Budget and Taxation

Property Tax Credit - Elderly Individuals and Veterans

This bill authorizes local governments to grant, by law, a property tax credit for a dwelling of (1) an individual who is at least 65 years old and has lived in the same dwelling for at least the preceding 40 years or (2) a retired member of the U.S. Armed Forces who is at least 65 years old. The amount of the property tax credit may not exceed 20% of the county or municipal property tax imposed on the property and may be granted for up to five years.

Local governments may provide, by law, for (1) the maximum assessed value of a dwelling that is eligible for the tax credit; (2) additional eligibility criteria for the tax credit; (3) regulations and procedures for the application and uniform processing of requests for the tax credit; and (4) any other provision necessary to carry out the tax credit.

The bill takes effect June 1, 2015, and applies to taxable years beginning after June 30, 2015.

Fiscal Summary

State Effect: None.

Local Effect: County and municipal property tax revenues may decrease beginning in FY 2016 to the extent that local jurisdictions grant the property tax credit authorized by the bill. Depending on the jurisdiction, the revenue decrease may be significant. The amount of the revenue decrease depends on the number of eligible homeowners, the value of residential property tax assessments, and local property tax rates. Local expenditures are not affected.

Small Business Effect: None.

Analysis

Current Law: Baltimore City, counties, and municipalities are authorized to grant a property tax credit against the county or municipal property tax imposed on real property that is owned and used as the principal residence of an individual who is at least 65 years old and of limited income. Local governments are authorized to provide for the amount and duration of the tax credit, additional eligibility criteria for the tax credit, regulations and procedures for the application and uniform processing of requests for the tax credit, and any other provisions necessary.

Local Fiscal Effect: County and municipal property tax revenues may decrease beginning in fiscal 2016 to the extent that local jurisdictions grant the property tax credit authorized by the bill. Depending on the jurisdiction, the revenue decrease may be significant. The actual amount of the revenue decrease depends on the number of eligible homeowners, the value of residential property tax assessments, and local property tax rates.

As a point of reference, **Exhibit 1** shows the average residential property tax assessments and property tax rates, by county, for fiscal 2015. Information on local property tax rates and property assessments for Maryland counties and Baltimore City can be found in Chapters 4 and 5 of the [Overview of Maryland Local Governments](#) report. A copy of the report can be found on the Department of Legislative Services website.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Anne Arundel, Charles, Frederick, Montgomery, and Somerset counties; cities of Frederick and Havre de Grace; State Department of Assessments and Taxation; Department of Legislative Services

Fiscal Note History: First Reader - February 23, 2015
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Exhibit 1
Residential Property Tax Assessments and Property Tax Rates
FY 2015

County	Number of Owner Occupied Accounts	Average Total Value	Average County Homestead Credit	FY 2015 Property Tax Rate
Allegany	17,496	\$104,350	\$11,159	\$0.9790
Anne Arundel	148,873	368,283	89,970	0.9430
Baltimore City	115,829	165,842	32,753	2.2480
Baltimore	205,279	251,766	19,929	1.1000
Calvert	23,961	269,056	32,872	0.8920
Caroline	7,193	196,669	18,017	0.9600
Carroll	45,030	311,395	10,442	1.0180
Cecil	22,197	285,121	17,128	0.9907
Charles	40,241	374,133	13,097	1.2050
Dorchester	7,956	225,325	27,286	0.9760
Frederick	63,905	305,372	9,587	1.0600
Garrett	6,356	139,037	15,994	0.9900
Harford	69,360	329,440	12,267	1.0420
Howard	79,322	398,737	20,384	1.1900
Kent	5,078	273,436	46,224	1.0220
Montgomery	248,789	350,320	17,574	1.0080
Prince George's	195,969	248,431	26,445	1.3190
Queen Anne's	14,058	380,103	29,168	0.8471
St. Mary's	26,256	286,521	30,591	0.8570
Somerset	4,767	133,535	15,912	0.9150
Talbot	10,334	417,315	174,022	0.5270
Washington	32,562	216,398	12,062	0.9480
Wicomico	20,323	207,113	6,998	0.9516
Worcester	14,453	236,602	33,842	0.7700
Totals	1,425,587			

Source: State Department of Assessments and Taxation