

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 264

(Senators Young and Hough)

Budget and Taxation

Ways and Means

Frederick County – Elderly or Disabled Renters – Grants

This bill authorizes Frederick County to provide a grant to an eligible elderly or disabled renter instead of a property tax credit. **The bill takes effect July 1, 2020.**

Fiscal Summary

State Effect: None.

Local Effect: Frederick County expenditures may increase by approximately \$38,700 annually beginning in FY 2021 to the extent the grant is authorized. County revenues are not affected.

Small Business Effect: None.

Analysis

Current Law: The following counties are authorized to provide a grant, instead of a property tax credit, to an eligible elderly or disabled renter: Anne Arundel, Howard, Montgomery, and Prince George's. The counties may establish any qualification for the grant, including an income limit. The grant must be funded from the appropriate county source.

Background: 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. The proposed fiscal 2021 State budget includes \$4.5 million for the Renters’ Property Tax Credit Program.

Montgomery County enacted a county supplement to the State Renters’ Property Tax Credit in 2016. Under the program, all renters who receive the State tax credit also receives the county supplement. The county supplement equals 50% of the State tax credit.

Howard County has two programs to assist low-income and disabled renters. The Tenant Retrofit Loan and Grant Program provides financial assistance to qualified disabled tenants in order to finance retrofit improvements to rental units. The Rental Housing Expense Assistance Program provides financial assistance for specified costs of constructing or rehabilitating rental housing so that it is affordable to low or moderate income households.

Montgomery County has a Rental Assistance Program to assist eligible persons or households to pay rent on rental units that are appropriate to their needs. A Handicapped Rental Assistance Program provides rental assistance to specified disabled persons.

Prince George’s County provides for rent relief payments to elderly or disabled renters who previously received rental assistance prior to the repeal of Council Bill 63-1979.

Local Fiscal Effect: Frederick County expenditures may increase by approximately \$38,700 annually beginning in fiscal 2021 to the extent the grant is issued. The estimate is based on the following:

- the State issued \$77,437 in renters’ property tax credits to 139 eligible renters in Frederick County in fiscal 2019;
- the average renters’ property tax credit was \$557; and
- Frederick County may provide a grant to eligible renters equal to 50% of the State renters’ property tax credit.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 353 (Frederick County Delegation) - Ways and Means.

Information Source(s): Frederick County; Department of Legislative Services

Fiscal Note History: First Reader - January 27, 2020
mr/hlb Third Reader - February 25, 2020

Analysis by: Michael Sanelli

Direct Inquiries to:
(410) 946-5510
(301) 970-5510