

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 181

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

Budget and Taxation

Ways and Means

Homeowners' Property Tax Credit – Application Filing Deadline – Extension

This departmental bill enables homeowners under 70 years old to take advantage of the deadline flexibility within the homeowner's property tax credit program that is currently provided to homeowners who are at least 70 years old by establishing a one-year extension to the application deadline. Specifically, the bill authorizes the State Department of Assessments and Taxation (SDAT) to accept an application for the homeowners' property tax credit from a homeowner one year after the April 15 deadline for which the tax credit is sought if the homeowner (1) is applying for the first time or (2) has filed an application by October 1 for the preceding three fiscal years. **The bill takes effect June 1, 2022, and applies to taxable years beginning after June 30, 2022.**

Fiscal Summary

State Effect: General fund expenditures increase by a minimal amount due to the anticipated limited number of homeowners affected by the bill's provisions. Revenues are not affected.

Local Effect: Potential minimal impact on local expenditures for jurisdictions with a local supplement program. Revenues are not affected.

Small Business Effect: 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

Current Law: In order to receive the homeowners' property tax credit, the homeowner must file an application with SDAT by October 1. However, SDAT may accept an application within three years after April 15 of the taxable year for which a credit is sought, if the homeowner (1) is at least 70 years old as of the taxable year for which a credit is sought and (2) was eligible for the credit for the taxable year for which the credit is sought.

Background: The homeowners' property tax credit program is a State funded program that provides credits against State and local real property taxation for homeowners who qualify based on a sliding scale of property tax liability and income. Homeowners must apply to SDAT each year in order to be eligible for the property tax credit. The application is available on the department's website, and current applications may be filed beginning February 15, 2022, through October 1, 2022. Approximately 45,000 individuals receive the property tax credit each year. SDAT reports that the average homeowners' property tax credit is approximately \$1,350. The total cost of the program is approximately \$65 million annually.

SDAT advises that low- and moderate-income homeowners under 70 years old who are facing a tax sale for the prior year's unpaid property taxes cannot apply for the homeowners' property tax credit for the prior year if they missed the October 1 deadline. This bill will enable the homeowner to apply for the tax credit for the prior year, which may enable them to prevent the possible tax sale of their home.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Comptroller's Office; State Department of Assessments and Taxation; Department of Legislative Services

Fiscal Note History: First Reader - January 18, 2022
fnu2/hlb Third Reader - February 7, 2022

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Homeowners' Property Tax Credit – Application Filing Deadline – Extension

BILL NUMBER: SB 181

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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 result in an economic impact.