



## Senate Bill 109

### *Disabled Active Duty Service Members, Disabled Veterans, and Surviving Spouses - Exemption From Property Tax and Other Charges and Refunds*

MACo Position: **OPPOSE**

To: Budget and Taxation Committee

Date: January 22, 2020

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **OPPOSES** SB 109. This bill creates a very broad and retroactive tax benefit for a potentially wide swath of residents, where more targeted legislation has previously been used to provide reasonable allowances. SB 109 also betrays the concept of user fees and charges, connecting public services with the users and development that necessitate them.

SB 109 exempts the principal residence of a qualified disabled active duty service member, qualified disabled veteran, or qualified surviving spouse from all state, county, and municipal taxes, fees, and other charges. In addition, it requires the State, counties, and municipalities to retroactively refund property tax payments made by these individuals for certain years in which an exemption was authorized but not granted.

MACo is concerned with the carryover county fiscal effects of this legislation and would prefer approaches that provide local autonomy to determine the best way to provide these incentives, rather than those that mandate reductions in local revenue sources.

Generally, state law exempts certain types of real property from property taxation, such as government-owned, charitable, benevolent, educational, religious, veterans' organizations, fire companies, historical societies, and museums. Under current law, the principal residences of qualified active duty service members, qualified disabled veterans, and qualified surviving spouses are exempt from state and local property taxes.

While those properties are exempt from *ad valorem* taxes, they are generally subject to fees and charges which fund critical programs and projects, including the Bay Restoration Fund, public safety priorities, and capital facilities necessary to accommodate development impacts on public schools and libraries. By exempting certain properties from all governmental charges, SB 109 would undermine vital resources for needed community services and critical infrastructure projects.

SB 109 would infringe on local decision-making and preclude local input by requiring counties to grant a refund to disabled active duty service members, disabled veterans, and surviving spouses for certain years in which a property tax exemption was authorized but not granted. Current law properly leaves the decision for granting these refunds in the hands of the county governments, who are best situated to determine whether such a policy is in their best interest.

For these reasons, MACo urges the Committee to issue an **UNFAVORABLE** report on SB 109.