



**DEPARTMENT OF
ASSESSMENTS AND TAXATION**

Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor · Michael Higgs, Director

DATE: March 2, 2021

BILL NUMBER: HB1289

COMMITTEE: Ways and Means

BILL TITLE: Homestead Property Tax Credit - Notice Requirements and Application Waiver for First-Time Homebuyers

SDAT POSITION: Letter of Information

The State Department of Assessments and Taxation (SDAT) offers the following information for HB1289, a bill that intends to allow first-time homeowners to apply for the Homestead Property Tax Credit at the time of sale.

The Department appreciates this bill's intent, and continues to support additional mechanisms to inform homeowners of their potential eligibility for tax credits offered by the Department. However, the bill is unworkable as currently written. §10-711 would need to be amended to require some party to notify SDAT when a first-time homebuyer includes information intended to make them eligible for the Homestead Tax Credit, since the Department is not directly involved in the property transfer or deed recordation process. If amended as such, SDAT would be able to process that information the same as any other homestead application, but absent such an amendment SDAT would have no way of being notified when a property transfers to a first-time homebuyer and/or when this section is filled out. The proposed amendment to §9-105(d)(6) is also unnecessary, and may even limit how many homeowners can apply for the Homestead Tax Credit.

It is SDAT's understanding that the bill will be amended to add language to §10-711, so SDAT can receive the Homestead Property Tax Credit application. Further it is SDAT's understanding that §9-105 (6)(i) will be amended to its original text. Without these changes, SDAT is concerned that the desired intent of the bill will not be achieved.

For these reasons, SDAT would like the committee to strongly consider the information presented as it deliberates HB1289.

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