

LARRY HOGAN
Governor

BOYD K. RUTHERFORD
Lt. Governor



MICHAEL HIGGS
Director

CORBETT WEBB
Deputy Director

301 W. Preston Street, Room 801, Baltimore, Maryland 21201
Legislative Director: Jonathan.Glaser@Maryland.gov
1-888-246-5941 TTY: 1-800-735-2258
www.dat.maryland.gov

HEARING DATE: February 15, 2022

BILL: HB0480

TITLE: Homestead Property Tax Credit - Calculation of Credit for Dwelling Purchased by First-Time Homebuyer

SDAT POSITION: Letter of Information

The State Department of Assessments and Taxation (SDAT) offers the following information for HB0480:

This bill enables a first-time homebuyer in the State of Maryland to receive the Homestead Property Tax Credit for a newly purchased home through the use of a "Homestead Credit carryover amount." The bill provides for the calculation of the property tax credit as well as the phase-out of the Homestead Credit carryover amount. If the proposed legislation were to be enacted, it would take effect June 1, 2022, and be applied to all taxable years beginning June 30, 2022.

While the Department appreciates the intent of the proposed legislation, SDAT advises that it would be impossible to implement this new program by the timeline suggested in the bill, as it would require an update to the Department's Real Property database. SDAT's vendor typically performs updates due to new legislation at a reduced cost. However, it may require months of studying the necessary changes to be made before an accurate timeline can be developed. The Department would incur additional costs if it attempted to speed up this timeline, although implementation does depend on jurisdictions first authorizing this program.

To administer, the Department would require first-time homebuyers to submit certain documents filed at closing along with their homestead tax credit application.

LARRY HOGAN
Governor

BOYD K. RUTHERFORD
Lt. Governor



MICHAEL HIGGS
Director

CORBETT WEBB
Deputy Director

301 W. Preston Street, Room 801, Baltimore, Maryland 21201
Legislative Director: Jonathan.Glaser@Maryland.gov
1-888-246-5941 TTY: 1-800-735-2258
www.dat.maryland.gov

In addition, SDAT could incur significant unknown computer programming costs to reprogram its tax system to allow for the carryover of the homestead property tax credit from one homeowner to another.

For these reasons, SDAT offers this Letter of Information and urges a reconsideration of HB0480 in its current form.