



Senate Bill 134

Property Tax Credit for Disabled Veterans - Established

MACo Position: **SUPPORT**
WITH AMENDMENTS

To: Budget and Taxation Committee

Date: January 19, 2023

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS SB 134 WITH AMENDMENTS**. This bill would require local governments to grant, by law, a prescriptive property tax credit for specified disabled veterans and surviving spouses.

SB 134 is a significant unfunded mandate on county governments. A “local option amendment” would relieve that mandate and allow each jurisdiction to weigh these costs appropriately.

MACo generally supports legislation that provides local autonomy to determine the best way to provide tax incentives, rather than those that mandate reductions in local revenue sources. Mandated tax exemptions require counties to forego meaningful local revenues to support essential public services, even if the exemptions do not serve their best interests.

Under current law, veterans with a 100 percent service-connected disability and surviving spouses are exempt from state and local real property taxes. SB 134 would require local governments to grant a property tax credit equal to the percentage of a disabled veteran’s service-connected disability rating. This bill would drastically undermine county revenues and jeopardize limited local funds for public health, schools, public safety, roadway maintenance, and other essential public services.

In general, MACo stands for local self-determination. Counties, led by their elected leaders who are directly accountable within the community, are best positioned to make decisions on local affairs – ranging from land use to budget priorities.

As such, MACo urges amendments to authorize rather than mandate the property tax credit. This will allow each jurisdiction that chooses to enact the credit to tailor it to their specific community needs. Additionally, it gives each county broad discretion to determine how much revenue it is willing to forego to provide the desirable benefits enabled by the bill.

Counties stand ready to work with state policymakers to develop flexible and optional tools to create broad or targeted tax incentives but resist state-mandated changes that preclude local input. Accordingly, MACo urges the Committee to give a **FAVORABLE WITH AMENDMENTS** report on SB 134.