



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

Testimony in Support of HB0063

Testimony by Delegate Andrew Pruski

March 26, 2024 – Senate Budget and Taxation Committee

What the Bill Does:

This bill is designed to close a loophole in Maryland tax law that unintentionally leaves out veterans in our state from receiving the property tax credit they are owed, that the Maryland General Assembly intended for them to receive. Under the current tax law, veterans who have been classified as 100% disabled, but not permanently, receive no property tax credit benefit whatsoever. This bill seeks to rectify this.

Important Background Information:

VA Disability ratings are part of the United States Department of Veterans Affairs (VA) system to compensate veterans for service-connected disabilities. Service-connected disabilities are those injuries or illnesses that occur or were aggravated during military service. Disability Ratings are assigned a rating from 0% to 100%, reflecting to severity of the disability. In addition, if there are multiple disabilities, the VA then uses a formula to combine them into a single disability rating.

The VA also assigns each disability a permanency status. Some may be subject to reevaluation to assess if there are changes in their severity and could change their disability rating based on their findings. The intent of this reevaluation is to determine if the disability still exists, has improved, or has worsened. For example, if a disability was initially considered non-permanent, it can later be classified as permanent if it is determined that the condition is not likely to improve.

Permanent disability is a condition that is not expected to improve significantly over time. Veterans with permanent disabilities may not be subject to regular reevaluations or may occur less often. The permanent designation does not necessarily mean that the condition cannot improve, but that the improvement is not anticipated on current medical understanding.

Why the Bill is Important:

Under the existing tax law, Maryland provides counties and Baltimore City the option to credit a portion of a household's property tax bill based on the homeowner's status as a disabled veteran. Veterans who have been declared by the VA to have a service-connected disability rating of at least 75%, but not more than 99% are entitled to a credit of 50% of their county or municipal property tax bill. Those veterans with a service-connected disability rating of at least 50% but not

more than 74% are entitled to a credit of 25%. There is not requirement for this rating to be permanent.

In addition, veterans who have been declared to have a permanent disability rating of 100% service-connected disability are entitled to a full property tax exemption. In cases, though rare, if a veteran is classified as 100% disabled, but not permanently, there is no property tax relief.

Why the Committee Should Vote Favorably:

HB63 would provide a 50% property tax credit for those veterans who are 100%, but not permanently, disabled. If a veteran's disability status were to be changed to permanent upon reevaluation, they would then be entitled to a full property tax exemption. It would also allow for the counties and Baltimore City to monitor the disability status for veterans who are not permanently 100% disabled. Also noted in the fiscal note, this legislation will not have a state fiscal impact and would have a limited impact on local revenue as this would affect a small population. **On behalf of Maryland's disabled veterans, we request a favorable report.**