

Department of Legislative Services  
Maryland General Assembly  
2017 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 1234  
Ways and Means

(Delegate Wilkins, *et al.*)

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Property Tax - Credit for Retired Military Service Members - Eligibility

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This bill alters the eligibility criteria of a local option property tax credit for specified members of the U.S. Armed Forces by specifying that eligible individuals must be members of the uniformed services of the United States as defined by 10 U.S.C. Section 101, the military reserves, or the National Guard.

The bill takes effect June 1, 2017, and applies to taxable years beginning after June 30, 2017.

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Fiscal Summary

**State Effect:** None.

**Local Effect:** County and municipal property tax revenues may decrease beginning in FY 2018 to the extent that local jurisdictions grant the property tax credit and the changes to existing eligibility requirements result in additional individuals becoming eligible for the property tax credit. Depending on the jurisdiction, the revenue decrease may be significant. The amount of the revenue decrease depends on the number of eligible homeowners, the value of residential property tax assessments, and local property tax rates. Local expenditures are not affected.

**Small Business Effect:** None.

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Analysis

**Current Law:** Chapter 498 of 2016 authorized local governments to grant, by law, a property tax credit for a dwelling owned by (1) an individual who is at least 65 years old

and has lived in the same dwelling for at least the preceding 40 years or (2) a retired member of the U.S. Armed Forces who is at least 65 years old. The amount of the property tax credit may not exceed 20% of the county or municipal property tax imposed on the property and may be granted for up to five years.

Local governments may provide, by law, for (1) the maximum assessed value of a dwelling that is eligible for the tax credit; (2) additional eligibility criteria for the tax credit; (3) regulations and procedures for the application and uniform processing of requests for the tax credit; and (4) any other provision necessary to carry out the tax credit.

#### *Similar Property Tax Credits for Elderly Individuals*

Local governments are authorized to grant a property tax credit against the county or municipal property tax imposed on real property that is owned and used as the principal residence of an individual who is at least 65 years old and of limited income. Local governments are authorized to provide for the amount and duration of the tax credit, additional eligibility criteria for the tax credit, regulations and procedures for the application and uniform processing of requests for the tax credit, and any other provisions necessary.

**Local Fiscal Effect:** County and municipal property tax revenues may decrease beginning in fiscal 2018, to the extent that local jurisdictions grant the property tax credit, and the changes to existing eligibility requirements result in additional individuals becoming eligible for the property tax credit. Depending on the jurisdiction, the revenue decrease may be significant. The amount of the revenue decrease depends on the number of eligible homeowners, the value of residential property tax assessments, and local property tax rates. Local expenditures are not affected.

The *Maryland Department of Veterans Affairs Annual Report* for 2016 indicates there are approximately 173,000 veterans age 65 and over living in Maryland. However, it is not known how many of these individuals may be retired members of the uniformed services, the military reserves, or the National Guard.

As a point of reference, **Exhibit 1** shows the average residential property tax assessments and property tax rates, by county, for fiscal 2017. Information on local property tax rates and property assessments for Maryland counties and Baltimore City can be found in Chapters 4 and 5 of the *Overview of Maryland Local Governments* report. A copy of the report can be found on the Department of Legislative Services website.

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**Exhibit 1**  
**Residential Property Tax Assessments and Property Tax Rates**  
**Fiscal 2017**

<b>County</b>	<b>Average Total Value</b>	<b>Average County Homestead Credit</b>	<b>Property Tax Rate</b>
Allegany	\$94,878	\$7,939	\$0.9770
Anne Arundel	276,482	89,033	0.9150
Baltimore City	133,263	30,478	2.2480
Baltimore	226,681	16,799	1.1000
Calvert	263,809	25,493	0.9520
Caroline	178,051	14,332	0.9800
Carroll	302,051	8,684	1.0180
Cecil	292,387	8,832	0.9914
Charles	259,751	8,850	1.2050
Dorchester	194,673	25,337	0.9760
Frederick	293,806	9,441	1.0600
Garrett	120,058	16,688	0.9900
Harford	257,605	8,181	1.0420
Howard	379,774	19,679	1.1900
Kent	223,204	43,863	1.0220
Montgomery	328,888	15,822	1.0382
Prince George's	214,043	33,141	1.3740
Queen Anne's	337,525	21,516	0.8471
St. Mary's	262,461	31,496	0.8523
Somerset	104,915	15,019	1.0000
Talbot	250,991	154,296	0.5471
Washington	203,350	10,216	0.9480
Wicomico	160,278	7,555	0.9516
Worcester	216,166	24,620	0.8350

Source: State Department of Assessments and Taxation

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## **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Baltimore, Dorchester, and Montgomery counties; Maryland Association of Counties; City of Bowie; Maryland Municipal League; State Department of Assessments and Taxation; Department of Legislative Services

**Fiscal Note History:** First Reader - March 1, 2017  
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