

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

House Bill 98 (Chairman, Ways and Means Committee)
(Departmental - Assessments and Taxation)

Ways and Means

Referred to Budget and Taxation

Renters' Property Tax Credits

This amended emergency departmental bill requires the Comptroller to pay renters' property tax credits in the amounts certified by the Department of Assessments and Taxation on or after July 1 of each year, rather than at least once each month. Additionally, the checks must be jointly payable to the renter and the renters' landlord, unless the department determines that good cause exists to make the check payable only to the renter.

Fiscal Summary

State Effect: An estimated \$3.9 million of FY 1996 expenditures will be deferred until FY 1997. Additionally, an estimated \$2.4 million of the Governor's FY 1997 allowance will be deferred until FY 1998.

Local Effect: None.

Small Business Effect: The Department of Assessments and Taxation has determined that this bill has minimal or no impact on small business (attached). Fiscal Services concurs with this assessment, as discussed below. (The attached assessment does not reflect amendments to the bill.)

Fiscal Analysis

State Expenditures: The fiscal 1996 working appropriation for the renters' tax credit program is \$5.4 million. An estimated \$1.5 million of this amount is for claims filed in fiscal 1995; the remainder of \$3.9 million is available for claims filed in fiscal 1996 which will be paid in fiscal 1996. This bill will delay payment of the \$3.9 million until after July 1, 1996, (fiscal 1997), resulting in a reversion for fiscal 1996. The Department of Fiscal Services

notes that the Governor's fiscal 1997 budget includes a deficiency appropriation for the homeowners' property tax credit program of \$1.45 million. The department has the authority to transfer funds from one credit program to another; the deficiency appropriation could therefore be eliminated with a \$1.45 million transfer. The fiscal 1996 reversion would then total \$2.45 million.

The Governor's allowance for this program in fiscal 1997 is \$8.3 million. Under this bill, only an estimated \$5.9 million will be required, to fund those credits filed during fiscal 1996. Thus, the Governor's allowance for fiscal 1997 may be reduced by \$2.4 million (\$8.3 million - \$5.9 million).

Small Business Effect: Because checks must be jointly payable to the landlord and renter, an additional administrative burden may be placed on landlords and management agencies. This burden is expected to be minimal.

Information Source(s): Department of Assessments and Taxation, Department of Fiscal Services

Fiscal Note History: First Reader - January 22, 1996

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