

**Department of Legislative Services**  
Maryland General Assembly  
2006 Session

**FISCAL AND POLICY NOTE**

House Bill 560 (Frederick County Delegation)  
Ways and Means

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**Frederick County - Property Tax Credit - Individuals of Age 70 or Older**

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This bill authorizes Frederick County to grant, by law, a property tax credit against the county property tax imposed on the dwelling of a homeowner who is at least 70 years old and who is of limited income. In order to be eligible for the tax credit, the homeowner must have resided in and owned the home as a principle residence for at least five consecutive years preceding the application for the credit. The county is required to specify the amount and duration of the tax credit; additional eligibility criteria; the maximum combined annual income of all individuals residing in the dwelling; the combined total value of all assets, less the value of the dwelling, of all individuals residing in the dwelling; regulations and procedures for the property tax credit; and any other provisions necessary to carry out the tax credit.

The bill takes effect June 1, 2006 and applies to taxable years beginning after June 30, 2006.

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Potential decrease in Frederick County property tax revenues dependent upon the amount and duration of any credit granted. County expenditures would not be affected.

**Small Business Effect:** None.

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## Analysis

**Current Law:** Frederick County is authorized to grant several property tax credits imposed on real property:

- that is owned by Ruritan National; any Ruritan club that is affiliated with Ruritan National; owned by a nonprofit community or civic association or corporation and is used only for: a community, owned by any civic, educational, or recreational purpose or the conservation or preservation of wildlife; owned by the Audubon Society of Central Maryland, Inc. and appurtenant to the premises of the Audubon Society of Central Maryland, Inc., if the property is used only for: the maintenance of a natural area for public use, a sanctuary for wildlife, the environmental education of the public, or the general management of wildlife.
- leased to the Frederick County Board of County Commissioners or to the Frederick County Board of Education and used exclusively for public school educational purposes.

The county may also grant a 100% property tax credit for specified agricultural land.

**Background:** The average assessment for owner-occupied dwellings in Frederick County is \$200,013 for the tax year beginning July 1, 2006. The U.S. Census Bureau estimates that there were 15,238 county residents age 70 and over as of July 1, 2004. The Frederick County real property tax rate is \$1.00 per \$100 of assessment.

**Local Fiscal Effect:** Frederick County property tax revenues could decrease to the extent that the county grants the property tax credit authorized by the bill. However, the actual amount of the revenue decrease depends on the amount of any credit granted and the number of eligible homeowners.

**Exhibit 1** shows, *for illustrative purposes only*, the potential effect of a 50% property tax credit. The estimate assumes 25% of the population age 70 and over are homeowners who qualify for a 50% credit granted by the county; revenues could decrease by approximately \$2.9 million. Revenues would decrease by \$1,000 for every 50% property tax credit granted by the county.

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**Exhibit 1**  
**Potential Effect of a Property Tax Credit for Homeowners Age 70 and Over**  
**Frederick County**

Average Assessment <sup>1</sup>	\$200,013
Homeownership Rate	75.9%
Population age 70 and over <sup>2</sup>	15,238
Assume 25% Eligible for Credit	2,891
Tax Rate	\$1.0000
Percent of Tax Bill Credited	50%
Potential County Revenue Decrease	(\$2,891,000)
<b>Decrease per Credit Granted</b>	<b>(\$1,000)</b>

<sup>1</sup>Average assessment for tax year beginning July 1, 2006

<sup>2</sup>U.S. Census Bureau Population Estimates (July 1, 2004)

Source: State Department of Assessments and Taxation, Maryland Department of Planning, Department of Legislative Services

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**Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** State Department of Assessments and Taxation, Frederick County, U.S. Census Bureau, Maryland Department of Planning, Department of Legislative Services

**Fiscal Note History:** First Reader - February 13, 2006  
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