

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 227

(Washington County Senators)

Budget and Taxation

Ways and Means

Washington County - Property Tax Credit - Disabled Veterans

This bill authorizes Washington County to grant, by law, a property tax credit for the dwelling house owned by a disabled veteran or the surviving spouse of a disabled veteran. The amount of the property tax credit is equal to the percentage of the disabled veteran's service-connected disability rating. Washington County may provide, by law, for (1) the duration of the tax credit; (2) regulations and procedures for the application and uniform processing of requests for the tax credit; and (3) any other provision necessary to carry out the tax credit.

The bill takes effect June 1, 2016, and applies to taxable years beginning after June 30, 2016.

Fiscal Summary

State Effect: None.

Local Effect: Washington County property tax revenues decrease by approximately \$564,900 beginning in FY 2017, to the extent the tax credit is granted. County expenditures increase by a minimal amount to administer the tax credit.

Small Business Effect: None.

Analysis

Bill Summary: A surviving spouse of a disabled veteran is eligible for the property tax credit if the dwelling house was owned by the disabled veteran at the time of the disabled veteran's death and the disabled veteran was receiving the property tax credit and the surviving spouse owns and resides in the dwelling house.

In order to receive the property tax credit, a disabled veteran or a surviving spouse of a disabled veteran must apply for the property tax credit by providing to the county (1) a copy of the disabled veteran's discharge certificate from active military, naval, or air service and (2) a certification of the disabled veteran's disability from the Veterans' Administration.

A disabled veteran is defined as an individual who (1) is honorably discharged or released under honorable circumstances from active military, naval, or air service as defined in 38 U.S.C. § 101 and (2) has been declared by the Veterans' Administration to have a permanent service connected disability of at least 50% that results from blindness or other disabling cause that is reasonably certain to continue for the life of the veteran and was not caused or incurred by misconduct of the veteran. A disabled veteran includes an individual who qualifies posthumously for a service connected disability of at least 50%.

A surviving spouse is defined as an individual who has not remarried and who is the surviving spouse of a disabled veteran.

A dwelling house is real property that is the legal residence of a disabled veteran or a surviving spouse and occupied by not more than two families. It includes the lot or curtilage and structures necessary to use the real property as a residence.

Current Law: Washington County must grant a property tax credit for property that is owned by the District 15 Civic Association of Big Pool, Maryland, and real property on which an improvement is made to an existing structure that is located in a historic district.

Washington County or a municipality in the county is authorized to grant a property tax credit for (1) new construction or on an improvement to existing property; (2) property owned by a nonprofit civic association and used for a community, civic, educational, or library purpose; (3) real property owned by the Women's Club of Hagerstown; (4) property owned by the Rohrersville Cornet Band of Washington County; (5) real property owned and occupied as the principal residence of an individual serving as a volunteer firefighter, a member of the fire police, or an emergency medical technician; or (6) real property owned by the Hagerstown Soccer Club.

Washington County is authorized to grant a property tax credit for personal property owned by Mid-East Milk Lab Services and real property subject to the county's agricultural land preservation program.

Washington County is authorized to grant a property tax credit (1) to specified qualifying businesses against all or part of the county property tax levied on real or personal property of the qualifying business for up to five years; (2) for renovated or rehabilitated business real property located in a specified priority funding area; and (3) for real property owned

or leased by a new or expanding business that creates new jobs, provided specified conditions are met.

Local Fiscal Effect: Washington County property tax revenues may decrease by approximately \$564,900 beginning in fiscal 2017 to the extent the property tax credit is granted. The estimate is based on the following:

- Washington County indicates that there are 217 veterans in the county who are classified as having a 100% service connected disability;
- Washington County estimates that there may be an additional 150 individuals in the county who are certified with a service connected disability between 50% and 100%;
- for fiscal 2016, Washington County's real property tax rate is \$0.948 per \$100 of assessment; and
- for fiscal 2016, the average taxable value for residential property receiving the Homestead Property Tax Credit is \$204,056.

Additional Information

Prior Introductions: SB 923 of 2015 passed the Senate and was referred to the House Ways and Means Committee, but no further action was taken.

Cross File: None.

Information Source(s): Washington County, State Department of Assessments and Taxation, Department of Legislative Services

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md/hlb

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