

**Department of Legislative Services**  
Maryland General Assembly  
2016 Session

**FISCAL AND POLICY NOTE**  
**Third Reader**

House Bill 898

(Delegate Metzgar, *et al.*)

Ways and Means

Budget and Taxation

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**Property Tax Credit - Elderly Individuals and Veterans**

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This bill authorizes local governments to grant, by law, a property tax credit for a dwelling of (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.

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

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** County and municipal property tax revenues may decrease beginning in FY 2017 to the extent that local jurisdictions grant the property tax credit authorized by the bill. 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:** Baltimore City, counties, and municipalities 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 2017 to the extent that local jurisdictions grant the property tax credit authorized by the bill. Depending on the jurisdiction, the revenue decrease may be significant. The actual amount of the revenue decrease depends on the number of eligible homeowners, the value of residential property tax assessments, and local property tax rates.

As a point of reference, **Exhibit 1** shows the average residential property tax assessments and property tax rates, by county, for fiscal 2016. 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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## **Additional Information**

**Prior Introductions:** HB 644 of 2015 passed the House and received a hearing in the Senate Budget and Taxation Committee, but no further action was taken.

**Cross File:** None.

**Information Source(s):** Baltimore City, Montgomery and Prince George's counties, cities of Frederick and Havre de Grace, State Department of Assessments and Taxation, Department of Legislative Services

**Fiscal Note History:** First Reader - March 1, 2016  
min/hlb

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Analysis by: Michael Sanelli

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510

**Exhibit 1**  
**Residential Property Tax Assessments and Property Tax Rates**  
**Fiscal 2016**

<b>County</b>	<b>Number of Taxable Residential Accounts</b>	<b>Average Total Value</b>	<b>Average County Homestead Credit</b>	<b>Property Tax Rate</b>
Allegany	38,506	\$95,780	\$8,110	\$0.9780
Anne Arundel	209,958	276,545	89,328	0.9230
Baltimore City	220,201	133,621	30,656	2.2480
Baltimore	283,288	226,738	16,821	1.1000
Calvert	42,033	266,435	25,964	0.8920
Caroline	16,015	177,953	14,712	0.9800
Carroll	65,194	302,367	8,788	1.0180
Cecil	46,050	290,881	9,436	0.9907
Charles	64,146	259,640	9,188	1.2050
Dorchester	22,073	194,723	25,774	0.9760
Frederick	93,653	294,239	9,533	1.0600
Garrett	28,544	120,519	16,775	0.9900
Harford	97,277	258,685	8,230	1.0420
Howard	103,217	380,485	19,716	1.1900
Kent	12,945	223,756	43,761	1.0220
Montgomery	328,649	332,495	16,043	0.9992
Prince George's	280,604	213,667	33,265	1.3740
Queen Anne's	25,236	340,141	21,321	0.8471
St. Mary's	47,949	262,473	31,702	0.8523
Somerset	15,934	108,138	15,577	1.0000
Talbot	20,652	250,669	154,699	0.5360
Washington	56,244	204,056	10,203	0.9480
Wicomico	44,942	159,649	7,449	0.9516
Worcester	65,189	216,506	24,666	0.8350
<b>Totals</b>	<b>2,228,499</b>			

Source: State Department of Assessments and Taxation