

Department of Legislative Services  
Maryland General Assembly  
2019 Session

FISCAL AND POLICY NOTE  
Third Reader - Revised

Senate Bill 654

(Senator Hester, *et al.*)

Budget and Taxation

Ways and Means

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Property Tax Credit - Elderly Individuals - Eligibility

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This bill alters one of the eligibility criteria of a local option property tax credit for elderly individuals by removing the requirement that the individual must have lived in the same dwelling for at least the preceding 40 years. In lieu of this existing requirement, the bill authorizes local governments to provide for the minimum number of years, not to exceed 40 years, that the individual must have resided in the same dwelling. **The bill takes effect June 1, 2019, and applies to taxable years beginning after June 30, 2019.**

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Fiscal Summary

**State Effect:** None.

**Local Effect:** County and municipal property tax revenues may decrease beginning in FY 2020 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. 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.

Chapters 309 and 310 of 2018 altered the eligibility criteria of the property tax credit for specified members of the U.S. Armed Forces by adding the surviving spouse of the retired service member as an eligible recipient of the property tax credit. However, to be eligible for the property tax credit, the surviving spouse cannot be remarried.

### *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 2020, 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.

As a point of reference, **Exhibit 1** shows the average residential property tax assessments and property tax rates for each county. Additional information on local property tax rates and property assessments 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:** None.

**Cross File:** None.

**Information Source(s):** Maryland Municipal League; Property Tax Assessment Appeals Board; State Department of Assessments and Taxation; Department of Legislative Services

**Fiscal Note History:** First Reader - February 18, 2019  
mm/hlb Third Reader - March 13, 2019  
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**Exhibit 1**  
**Residential Property Tax Assessments and Property Tax Rates**  
**Fiscal 2019**

<b>County</b>	<b>Average Total Value</b>	<b>Average County Homestead Credit</b>	<b>Property Tax Rate</b>
Allegany	\$93,790	\$7,076	\$0.9750
Anne Arundel	292,662	89,029	0.9020
Baltimore City	147,040	32,192	2.2480
Baltimore	252,878	17,858	1.1000
Calvert	322,005	13,457	0.9370
Caroline	157,968	9,533	0.9800
Carroll	300,227	9,915	1.0180
Cecil	268,934	8,735	1.0414
Charles	246,580	11,591	1.2050
Dorchester	169,423	19,804	1.0000
Frederick	277,837	11,954	1.0600
Garrett	119,812	16,430	0.9899
Harford	261,956	8,873	1.0420
Howard	407,783	20,309	1.1900
Kent	229,531	37,553	1.0220
Montgomery	403,274	25,992	0.9927
Prince George's	224,692	54,214	1.3740
Queen Anne's	350,385	17,317	0.8471
St. Mary's	277,996	33,922	0.8478
Somerset	94,579	9,333	1.0000
Talbot	257,557	136,239	0.6061
Washington	217,040	10,663	0.9480
Wicomico	162,400	9,115	0.9398
Worcester	228,907	25,706	0.8350

Source: State Department of Assessments and Taxation

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