

Department of Legislative Services  
Maryland General Assembly  
2021 Session

FISCAL AND POLICY NOTE  
Third Reader - Revised

House Bill 610  
Ways and Means

(Delegate Hill)

Budget and Taxation

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Homeowners' Property Tax Credit - Eligibility of Surviving Family Member

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This bill alters the definition of legal interest, as it pertains to the homeowners' property tax credit, to include an interest in a dwelling as a surviving family member who stands to inherit the dwelling of a deceased homeowner under the terms of (1) the deceased homeowner's will or trust or a nonprobate instrument of writing or (2) under the laws of intestate succession. As a result, certain surviving family members of a homeowner who stand to inherit the dwelling of the homeowner are eligible to receive the homeowners' property tax credit. **The bill takes effect June 1, 2021, and applies to taxable years beginning after June 30, 2021.**

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Fiscal Summary

**State Effect:** General fund expenditures for the homeowners' property tax credit program may increase beginning in FY 2022, depending on the number of surviving family members who receive the homeowners' property tax credit.

**Local Effect:** Local governments that provide a supplement to the State homeowners' property tax credit will realize increased expenditures depending on the number of surviving family members who receive the State homeowners' property tax credit.

**Small Business Effect:** None.

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Analysis

**Current Law:** The Homeowners' Property Tax Credit Program is a State funded program that provides credits against State and local real property taxation for homeowners who qualify based on a sliding scale of property tax liability and income. The fiscal 2022 State

budget includes \$64.0 million in funding for the program. Approximately 45,000 individuals are eligible to receive the property tax credit each year.

An unmarried surviving spouse of a homeowner who received the homeowners' property tax credit may continue to receive the property tax credit, provided eligibility criteria, except age or disability, are met.

**State Fiscal Effect:** General fund expenditures for the homeowners' property tax credit program may increase beginning in fiscal 2022, depending on the number of surviving family members who are eligible to receive the transferred property tax credit. As a point of reference, the average State homeowners' property tax credit was equal to approximately \$1,300 for fiscal 2017 through fiscal 2021. For illustrative purposes only, if there are 450 instances, which represents 1% of the total number of individuals currently receiving the tax credit, in which the current property tax credit is transferred to a family member, State expenditures could increase by \$0.5 million annually.

**Local Fiscal Effect:** Local governments that provide a supplement to the State homeowners' property tax credit will realize increased expenditures depending on the number of surviving family members who are eligible for the transferred State homeowners' property tax credit each year.

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

**Information Source(s):** State Department of Assessments and Taxation; Department of Legislative Services

**Fiscal Note History:** First Reader - January 31, 2021  
rh/hlb Third Reader - March 24, 2021  
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