

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 738
Ways and Means

(Delegate Metzgar, *et al.*)

Property Tax - Credit for Longtime Residents to Offset Property Tax Rate
Increase

This bill authorizes counties and municipalities to grant a property tax credit for the dwelling of an individual (1) who has resided in the dwelling for at least 30 consecutive years; (2) whose combined income does not exceed \$75,000; and (3) who is at least 60 years old. The amount of the property tax credit equals 100% of any increase in the property tax rate attributable to an effective property tax rate that exceeds \$1.10 per \$100 of assessment. Local governments are authorized to establish (1) the duration of the property tax credit; (2) additional eligibility criteria for the property tax credit; (3) regulations and procedures for the application and uniform processing of requests for the property tax credit; and (4) any other provisions necessary to administer the property tax credit. **The bill takes effect June 1, 2022, and applies to taxable years beginning after June 30, 2022.**

Fiscal Summary

State Effect: None.

Local Effect: Local government property tax revenues may decrease beginning in FY 2023 to the extent the property tax credit is granted. The amount of the decrease depends on the number of eligible taxpayers in each jurisdiction, the assessed value of each home, and the amount of the local property tax rate exceeding \$1.10 (per \$100 of assessment). Local government expenditures are not affected.

Small Business Effect: None.

Analysis

Current Law: Similar legislation was enacted in 2020 (Chapter 226) that authorized Baltimore County to grant a property tax credit for longtime residents. To be eligible for the property tax credit, the dwelling must be owned by an individual (1) who has resided in the dwelling for at least 30 consecutive years; (2) whose combined income does not exceed \$60,000; and (3) who is at least 65 years old. The amount of the property tax credit equals 100% of any increase in the county property tax rate exceeding \$1.10 (per \$100 of assessment). Baltimore County is authorized to establish (1) the duration of the property tax credit; (2) additional eligibility criteria for the property tax credit; (3) regulations and procedures for the application and uniform processing of requests for the property tax credit; and (4) any other provisions necessary to administer the property tax credit.

Local Fiscal Effect: The property tax credit caps the local real property tax rate for eligible longtime residents to \$1.10 (per \$100 of assessment). The amount of the revenue decrease will depend on the number of individuals age 60 and older who meet the other eligibility requirements, the local property tax rate in excess of \$1.10 (per \$100 of assessment), and the taxable assessment of eligible properties. As shown in **Exhibit 1**, five jurisdictions currently have real property tax rates exceeding \$1.10 (per \$100 of assessments).

Exhibit 1 Local Real Property Tax Rates in Excess of \$1.10 FY 2022

<u>Jurisdictions</u>	<u>Tax Rate</u>
Baltimore City	\$2.248
Charles County	\$1.205
Howard County	\$1.250
Prince George's County	\$1.374
Town of Luke (Allegany County)	\$1.250

Source: Department of Legislative Services

Local Fiscal Reports

The Department of Legislative Services prepares several annual reports relating to local government finances, local tax rates, and demographic indicators.

- [Local Government Overview Report](#) summarizes local government demographic and financial information. The report includes a section on [county property tax rates](#) and the [combined county-municipal property tax rates](#) in each jurisdiction.
- [County Revenue Outlook Report](#) analyzes the annual revenue growth for major county taxes and includes information on local tax rates. The report includes a section on county property tax rates.

Demographic Indicators

According to the U.S. Census Bureau, approximately 22.8% of individuals in Maryland are age 60 and over. The [median household income](#) in Maryland is \$88,589. In addition, approximately 66.9% of housing units in the State are owner occupied, with the average residential property tax assessment of \$233,892 in fiscal 2021.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Harford, Montgomery, and Wicomico counties; Maryland Municipal League; State Department of Assessments and Taxation; Department of Legislative Services

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