

Department of Legislative Services  
Maryland General Assembly  
2023 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 651  
Ways and Means

(Delegate Grossman, *et al.*)

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**Renters' Property Tax Relief Program - Evaluation and Reporting Requirement**

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This bill requires the State Department of Assessments and Taxation (SDAT), by December 1, 2023, and every five years thereafter, to evaluate, as compared to inflation, a specified income limitation on eligibility for and calculation of the renters' property tax credit. The department must report to the General Assembly on its findings and recommendations on adjusting for inflation the income eligibility requirements and calculation of the renters' property tax credit. **The bill takes effect June 1, 2023.**

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**Fiscal Summary**

**State Effect:** General fund expenditures increase by \$18,000 in FY 2024, and in every year the evaluation is required, for SDAT to hire a consultant. Revenues are not affected.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** The Renters' Property Tax Relief Program provides financial assistance for elderly, disabled, and certain low-income renters from the cost attributable to State and local real property taxes. The concept behind the program is that renters indirectly pay property taxes as part of their rent and, thus, should have some protection, as do homeowners. The program makes payments directly to eligible renters to provide relief for the "assumed property tax" that renters indirectly pay as part of their rent. The fiscal 2024 State budget includes \$4.4 million for the program.

The program is based on an “assumed property tax bill” equal to 15% of rent paid. As under the Homeowners’ Property Tax Credit Program, qualification is based on a sliding scale of assumed property tax liability and income. If the portion of rent attributable to the assumed property taxes exceeds a fixed amount in relation to income, the renter can, under specified conditions, receive a maximum credit of \$1,000. A renter’s combined net worth cannot exceed \$200,000.

The amount of the property tax credit is the difference between the assumed 15% of occupancy rent and a calculated tax limit. The tax limit is calculated by applying specified percentages to the homeowners’ gross income. The percentages applied to the combined income that are used to calculate the property tax limit are (1) 0% of the first \$4,000 of combined income; (2) 2.5% of the next \$4,000 of combined income; and (3) 5.5% of the combined income over \$8,000.

**State Fiscal Effect:** SDAT advises that general fund expenditures will increase by \$18,000 in fiscal 2024, and in every year the evaluation is required, to hire a consultant to assist in conducting the required report.

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### **Additional Information**

**Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** None.

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

**Fiscal Note History:** First Reader - February 19, 2023  
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Analysis by: Michael Sanelli

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