

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 32

(Senator Brooks, *et al.*)

Budget and Taxation

Ways and Means

Property Tax - Exemption for Dwellings of Disabled Veterans - Application

This bill alters the application requirements for a specified property tax exemption for a dwelling house owned by a disabled veteran or surviving spouse of a disabled veteran. The bill adds a rating decision of the disabled veteran's disability from the U.S. Department of Veterans Affairs, including the effective date of the rating decision, to the types of supporting documents that can be included with the property tax exemption application. **The bill takes effect June 1, 2023, and applies to taxable years beginning after June 30, 2023.**

Fiscal Summary

State Effect: None. The requirements of the bill can be handled with existing budgeted resources of the State Department of Assessments and Taxation (SDAT).

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The real property owned by disabled veterans, as their legal residence, is exempt from taxation if specified requirements are met. A disabled veteran is an individual who is honorably discharged or released under honorable circumstances from active service in any branch of the U.S. Armed Forces. To qualify for the tax exemption, the disabled veteran must have a 100% service-connected disability rating. Real property owned by the surviving spouse of a disabled veteran and the surviving spouse of an individual who died in the line of duty while in active military, naval, or air service of the

United States is exempt from taxation. In addition, a home owned by the surviving spouse of a veteran of the U.S. Armed Forces who receives Dependency and Indemnity Compensation from the U.S. Department of Veterans Affairs is eligible for a property tax exemption under specified circumstances.

A disabled veteran or a surviving spouse of a disabled veteran must apply for a property tax exemption by providing to the Supervisor of Assessments (1) a copy of the disabled veteran's discharge certificate from active military, naval, or air service and (2) on the form provided by the department, a certification of the disabled veteran's disability from the U.S. Department of Veterans Affairs. The disabled veteran's certificate of disability may not be inspected by individuals other than (1) the disabled veteran or (2) appropriate employees of the State, a county, or a municipality.

Chapters 195 and 196 of 2022 authorize an individual to submit an application to SDAT for a specified property tax exemption for disabled veterans and surviving spouses for a specific dwelling house the individual intends to purchase before purchasing the dwelling house. Following receipt of the application, SDAT must process the application and send the applicant a letter stating (1) that the application is preliminarily approved or preliminarily denied and (2) if the application is preliminarily approved, the amount of the tax exemption for the dwelling the individual intends to purchase. An individual who is issued a letter preliminarily approving the exemption must receive the exemption for the dwelling referenced in the letter after becoming the owner of the dwelling without having to file another application.

Additional Information

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

Designated Cross File: None.

Information Source(s): Harford, Montgomery, and Wicomico counties; Department of Legislative Services

Fiscal Note History: First Reader - January 17, 2023
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