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HEARING DATE: January 19, 2022

BILL: SB0197

TITLE: Homestead Property Tax Credit Program - Retroactive Qualification and Calculation of the Credit

SDAT POSITION: SUPPORT

SB 197 is a proposal recommended by the State Tax Sale Ombudsman's Office and is based on the Office's experience helping homeowners and exploring challenges they face paying their property taxes and keeping their homes.

The Ombudsman's Office has seen homeowners in tax sale who have not applied for the Maryland Homestead Tax Credit (HTC). As the credit is not retroactive, otherwise eligible homeowners who apply would get no credit toward the prior tax year amount that has resulted in a tax sale. Further, if the homeowner also applies for the prior year's Homeowners' Property Tax Credit (HPTC) and their home is not listed as their principal residence - which is a requirement for the HPTC - they cannot retroactively establish principal residence, and they miss out on that credit as well.

This bill enables eligible homeowners to retroactively receive the HTC Credit. Under this bill, if the State Department of Assessments & Taxation (SDAT) determines that a current HTC applicant was eligible for the credit in the prior year but didn't apply, it will retroactively qualify the homeowner for the prior year and recalculate the prior year's assessment.

This will help homeowners facing tax sale by reducing their delinquent tax bill, and it will also help them access the prior year HPTC by establishing the required principal residence in the prior year.

For these reasons, SDAT supports SB0197 and urges a favorable report.