

Testimony

Tax Credits – Homeowners and Renters – Income Calculation

Position: Favorable

February 6, 2024

Members of the House Ways and Means Committee:

My name is Sarah Reddinger and I'm the Vice President of Community Development with Habitat for Humanity Metro Maryland. Habitat Metro Maryland is a nonprofit serving Montgomery and Prince George's Counties that builds, sells, and preserves affordable homeownership in partnership with limited income families.

Habitat would like to thank Delegate Charkoudian for sponsoring this important legislation. We enthusiastically support House Bill 287 as it excludes the cash value of retirement savings plans and accounts in the calculation of assets for the Renter's Property Tax Credit.

Currently, when calculating assets to qualify an applicant for the Homeowner's Property Tax Credit, the cash value of retirement savings plans and accounts is not considered. However, when calculating assets to qualify an applicant for the Renter's Property Tax Credit, the cash value of retirement savings plans and accounts is considered.

Oftentimes, retirement savings cannot be drawn down early without penalty which means we are counting these savings as an asset, but it's not an asset that can be used to pay for property taxes without penalty. The current structure may also disincentivize renters from saving for retirement to qualify for a benefit.

Habitat views this bill as an important alignment of both property tax credit programs that ensures renters and homeowners are treated equitably.

We encourage a favorable report.

Thank you for your time and consideration.

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