Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 283	(Chair, Budget and Taxation Committee)(By Request - Departmental - Assessments and Taxation)
Budget and Taxation	Ways and Means

Homeowners' Property Tax Credit - Application - Attestation of Gross Income

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This departmental bill authorizes an applicant for the homeowners' property tax credit to attest to gross income on an application in lieu of providing an income tax return to the State Department of Assessments and Taxation (SDAT) under certain circumstances. **The bill takes effect June 1, 2024, and applies to taxable years beginning after June 30, 2024.**

Fiscal Summary

State Effect: None. The bill will not significantly impact SDAT operations or finances.

Local Effect: None.

Small Business Effect: SDAT has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Current Law: The homeowners' property tax credit program is a State-funded program that provides credits against State and local real property taxation for homeowners who qualify based on a sliding scale of property tax liability and income. Counties and municipalities have the authority to enact local supplements to the program; the cost of such supplemental credits must be borne by the local governments. The fiscal 2024 State budget includes $56.5 million in funding for the program.

Generally, homeowners must apply to SDAT each year in order to be eligible for the property tax credit. The application is available on the department's website; current applications may be filed through October 1, 2024.

Chapters 528 and 529 of 2023 altered the application requirements for the homeowners' property tax credit program for individuals who receive income only from social security, a pension, or an annuity. In these situations, the homeowner must submit a regular application in the first year that the individual applies for the property tax credit and a more abbreviated certification for the next two years. In the following third year, the homeowner will once again have to submit a regular application in order to remain eligible for the property tax credit.

Approximately 45,000 individuals receive the property tax credit each year.

Background: SDAT reports that homeowners with income below the amount requiring them to file an income tax return have a difficult time documenting their income in order to qualify for the homeowners' property tax credit. The department requires a detailed accounting of all the applicant's income and expenses and reviews bank statements and other supporting documents to determine income amounts and eligibility. This process can require additional time and multiple attempts by the applicant to fulfill current requirements.

The bill would allow applicants to submit a statement signed under penalties of perjury as to their income, provided they were not required by law to submit a tax return and did not file a tax return. Under the bill, the signed attestation would satisfy income documentation requirements.

Additional Information

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

Designated Cross File: None.

Information Source(s): Comptroller's Office; State Department of Assessments and Taxation; Department of Legislative Services

Fiscal Note History: First Reader - January 16, 2024
js/hlb   Third Reader - February 21, 2024

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Homeowners' Property Tax Credit - Application - Attestation of
                   Gross Income

BILL NUMBER: SB0283

PREPARED BY: Bob Yeager

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

 X   WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL
BUSINESS

OR

___   WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL
BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS