

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 22 (Delegate Bonsack)
Ways and Means

Renters Property Tax Relief - Homes Shared With Relatives

This bill provides that a renter sharing a home with a relative is ineligible for the renter's property tax credit unless the renter pays rent under a written lease. In determining the amount of the credit, the renter must include the relative's combined income and net worth in the renter's income and net worth.

This bill is effective July 1, 1996 and applies to property tax relief attributable to all calendar years beginning after December 31, 1995 and paid after December 31, 1996.

Fiscal Summary

State Effect: Negligible increase in general fund expenditures. Revenues are not affected.

Local Effect: None.

Fiscal Analysis

State Expenditures: The number of individuals who would become eligible for the renter's tax credit under this bill cannot reliably be estimated at this time, but is expected to be negligible.

Because the bill requires the income of all individuals in the household to be used to determine the credit, and because of the nature of the calculation of the credit, very few renters seem likely to qualify for any amount of credit. For example, an elderly parent with annual income of \$10,000 pays a child making \$25,000 per year rent of \$250 per month. The assumed real property tax of the renter is \$450 (\$250 x 12 months x 15%). To find the credit, this amount must be reduced by a percentage of the income of both parties. Under the current determination of the credit, this parent would not qualify for any amount of credit.

Even if some individuals do qualify for a credit under these provisions, the amount of the credit is likely to be small for the same reasons. General fund expenditures could therefore increase an indeterminate amount.

Information Source(s): Department of Assessments and Taxation; Baltimore, Frederick, Prince George's and Somerset counties; Department of Fiscal Services

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