

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 392 (Chairman, Budget and Taxation Committee)
(Departmental - Assessments and Taxation)

Budget and Taxation

Referred to Ways and Means

Renters' Property Tax Credits

This amended departmental bill requires the Comptroller to pay renters' property tax credits in the amounts certified by the Department of Assessments and Taxation (DAT) on or after July 1 of each year. The bill changes the accounting method for the renters' tax credit program from a cash based to an accrual based system. In a cash-based accounting system, only those applications actually processed in a fiscal year are funded. In an accrual-based system, the estimated cost for a full year's tax credits is funded regardless of when the credit is processed. In fiscal year 1998 only, the Comptroller, upon certification from DAT, is required to pay a renters' tax credit that would otherwise be deferred until fiscal 1999 to any renter that is in immediate threat of eviction or utility cutoff for non-payment of rent or utility bills.

Fiscal Summary

State Effect: An estimated \$4.0 million of FY 1998 general fund expenditures would be deferred until FY 1999 as discussed below. The 1998 budget allowance for the payment of renters' property tax credits is \$5.9 million; this allowance will be reduced to \$1.9 million contingent upon enactment of this bill. General fund administrative expenditures would decrease by \$22,500 in FY 1998. Future year expenditures reflect full year expenditures and growth for inflation.

(in dollars)	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	(\$4,022,500)	\$3,969,400)	(\$31,200)	(\$31,800)	(\$32,500)
Net Effect	(\$4,022,500)	\$3,969,400	(\$31,200)	(\$31,800)	(\$32,500)

Note: () - decrease; GF - general funds; FF - federal funds; SF - special funds

Local Effect: None.

Small Business Effect: The Department of Assessments and Taxation has determined that

this bill has minimal or no impact on small businesses (attached). Fiscal Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Fiscal Analysis

State Expenditures: The fiscal 1998 appropriation for the Renters' Tax Credit Program is \$5.9 million. An estimated \$1.9 million of this amount is for applications processed in fiscal 1997; the \$4.0 million remainder would be used for applications processed in fiscal 1998. Under this bill, the \$4.0 million in 1998 applications would be deferred until after July 1, 1998 (fiscal 1999). With deferral of the \$4.0 million in 1998 applications, the fiscal 1998 allowance for the program would decrease to \$1.9 million, contingent upon enactment of this bill. This \$1.9 million allowance for fiscal 1998 would then be used to cover the remaining liability from fiscal 1997 applications.

The Comptroller is required, in fiscal 1998 only, to pay a property tax credit (as certified by DAT) to a qualifying renter before July 1, 1998, if the renter is under an imminent threat of eviction or utility cutoff for non-payment of rent or utility bills. If any renters qualify for this early payment, these credits would be paid in fiscal 1998 instead of fiscal 1999; the number of renters that may receive credits early cannot be reliably estimated at this time, but it is assumed to be minimal.

This bill would also reduce general fund expenditures for temporary assistance and overtime by \$22,500 in fiscal 1998. Future year expenditures reflect full year expenditures and 2% growth for inflation.

Information Sources: Department of Assessments and Taxation, Department of Fiscal Services

Fiscal Note History: First Reader - February 3, 1997
brd Revised - Senate Third Reader - March 14, 1997

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