

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE

Senate Bill 425 (Senator Della)
Budget and Taxation

Property Tax - Disabled Veterans - Refunds

This bill requires local governments to issue a refund of local property taxes paid by a disabled veteran for the taxable years in which an exemption was authorized but not requested.

The bill is effective July 1, 2001.

Fiscal Summary

State Effect: None. The bill does not require a refund of State property taxes paid.

Local Effect: County and municipal property tax revenues could decrease minimally.

Small Business Effect: None.

Analysis

Current Law: The principal residence of a disabled veteran and surviving spouse is exempt from State and local property taxes. The local government has the discretion to issue a refund of local property taxes paid during years when an exemption was authorized but not requested. A disabled veteran may apply for a refund at any time but a surviving spouse must apply for the refund within three years of eligibility for the exemption.

Background: In fiscal 2001, there were 2,756 disabled veterans or surviving spouses whose tax bills were reduced by more than \$4 million as a result of the current

exemption. A veteran is eligible after: (1) being honorably discharged from the armed services; (2) developing a service-related 100% disability; and (3) acquiring a home in Maryland.

Local Revenues: County and municipal property tax revenues could decrease as a result of refunds issued to disabled veterans for property taxes paid during years when they were eligible but had not applied for an exemption. The actual revenue loss would depend on the number of veterans who apply for a refund, the value of the property owned, the applicable property tax rate, and the number of years for which a refund is requested. According to the Department of Assessments and Taxation, the number of disabled veterans that would apply and qualify for a refund is not known but is expected to be fewer than 100 per year statewide. Based on this information, any revenue loss is expected to be minimal.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Assessments and Taxation; Garrett, Montgomery, and Prince George's counties; Town of La Plata; Department of Legislative Services

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