

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE

Senate Bill 448 (Senator DeGrange)
Budget and Taxation

Property Tax - Homeowners' Tax Credits

This bill allows a homeowner age 70 and over to apply and receive a Homeowners' Tax Credit for up to three years after the usual filing deadline.

The bill is effective July 1, 2001.

Fiscal Summary

State Effect: The bill's changes could be handled with existing budgeted resources.

Local Effect: Potential minimal decrease in revenues for Anne Arundel and Montgomery counties.

Small Business Effect: None.

Analysis

Current Law: The homeowners' (circuit breaker) tax credit is a State funded program, enacted in 1975, that provides credits against State and local real property taxation for homeowners who qualify based on a sliding scale of tax liability and income. Only the taxes associated with the first \$60,000 of assessed valuation of an individual's principal residence may qualify for the credit, and any taxpayer with a net worth of more than \$200,000, excluding the value of the home, is currently ineligible.

Background: The total State expenditure for the tax credit for fiscal 2001 was \$47,093,888 to 61,768 recipients. The Department of Assessments and Taxation received 79,577 applications for the credit. The average credit was \$766. Since 1992 the

counties and municipalities have had the authority to enact local supplements to the homeowners' credit. The cost of the supplemental credits must be borne by the local governments. Currently, Anne Arundel and Montgomery counties are the only local governments that supplement the State credit.

State Fiscal Effect: The Department of Assessments and Taxation receives a few inquiries each year from homeowners who were unaware of the program and ask about receiving credits for prior years. Based on this experience, a small number of new applications for prior years' credits by homeowners who are at least 70 are expected. The existing budgeted amount for the homeowners' tax credit program should be able to cover any new credits. The Governor's proposed fiscal 2002 budget includes \$49 million for the credit program.

Local Fiscal Effect: Anne Arundel and Montgomery counties supplement the homeowners' tax credit program. To the extent that additional credits are granted, their expenditures for this program will increase. Any increase is expected to be minimal.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Assessments and Taxation, Department of Legislative Services

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