

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

House Bill 721 (Delegate Madaleno)
Ways and Means

Property Tax – Homeowners’ Tax Credit

This bill increases from \$150,000 to \$200,000 the maximum assessed value of property eligible for the homeowner’s property tax credit.

The bill is effective July 1, 2003.

Fiscal Summary

State Effect: General fund expenditures would increase by an estimated \$2.2 million annually beginning in FY 2004.

(\$ in millions)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	2.2	2.2	2.2	2.2	2.2
Net Effect	(\$2.2)	(\$2.2)	(\$2.2)	(\$2.2)	(\$2.2)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The maximum assessed value of real property eligible for the homeowner’s tax credit is \$150,000. Any taxpayer with a net worth of more than \$200,000, excluding the value of the home, is currently ineligible.

Background: The Homeowners' (circuit breaker) Tax Credit Program 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. The total State expenditure for the tax credit for fiscal 2002 was \$39.7 million to 52,490 recipients. The Governor's fiscal 2004 budget allowance provides \$39 million for this program.

State Expenditures: If the maximum assessed value of real property eligible for the credit is increased to \$200,000, an additional \$2,153,608 in credits to an additional 14,667 applicants would have been incurred in fiscal 2002. That increase is expected to remain constant in future years beginning in fiscal 2004.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 3, 2003
mdf/jr

Analysis by: Karen S. Benton

Direct Inquiries to:
(410) 946-5510
(301) 970-5510