

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

Senate Bill 395 (Senator Green)
Budget and Taxation

Prince George's County - Property Tax - Credit for Individuals over Age 65

This bill authorizes Prince George's County or a municipal corporation in Prince George's County to grant, by law, a property tax credit against the county or municipal property taxes imposed on the real property of a dwelling owned by an individual who is at least 65 years old on July 1 of the taxable year for which the credit is allowed. The county and municipal corporations are authorized to provide, by law, the amount and duration of the tax credit and any other provision necessary.

The bill takes effect June 1, 2006 and applies to all taxable years beginning after June 30, 2006.

Fiscal Summary

State Effect: None.

Local Effect: Potential decrease in Prince George's County and municipal property tax revenues beginning in FY 2007, dependent on the amount and duration of any credit granted. County expenditures would not be affected.

Small Business Effect: None.

Analysis

Current Law: Prince George's County is not authorized to grant a property tax credit on real property owned by individuals who are of a specified minimum age.

Background: The average assessment for owner-occupied dwellings in Prince George’s County is \$155,104 for the tax year beginning July 1, 2006. The U.S. Census Bureau estimates that there were 69,406 county residents age 65 and over as of July 1, 2004. The Prince George’s County property tax rate is \$1.319 per \$100 of assessed value for fiscal 2006. Approximately 27% of county residents live in a municipal corporation. Municipal property tax rates in Prince George’s County for fiscal 2006 range from \$0.24 in Upper Marlboro to \$0.80 in Morningside.

Local Fiscal Effect: Local property tax revenues in Prince George’s County could decrease to the extent that the county or a municipal corporation grant the property tax credit authorized by the bill. However, the actual amount of the revenue decrease depends on the amount of any credit granted and the number of eligible homeowners.

Exhibit 1 shows, *for illustrative purposes only*, the potential effect of a 50% property tax credit. The estimate assumes 25% of the population age 65 and over are homeowners who qualify for a 50% credit granted by the county; revenues could decrease by approximately \$11.0 million. Revenues would decrease by approximately \$1,023 for every 50% property tax credit granted by the county.

Exhibit 1
Potential Effect of a Property Tax Credit for Homeowners Age 65 and Over
Prince George’s County

Average Assessment ¹	\$155,104
Homeownership Rate	61.8%
Population Age 65 and Over ²	69,406
25% Eligible for Credit	10,723
Tax Rate	\$1.319
Percent of Tax Bill Credit	50%
Potential County Revenue Decrease	(\$10,968,908)
Decrease per Credit Granted	(\$1,023)

¹Average assessment for tax year beginning July 1, 2006

²U.S. Census Bureau Population Estimates (July 1, 2004)

Source: U.S. Census Bureau, Maryland Department of Planning, State Department of Assessments and Taxation, Department of Legislative Services

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): State Department of Assessments and Taxation, U. S. Census Bureau, Prince George's County, Department of Legislative Services

Fiscal Note History: First Reader - February 23, 2006
mll/hlb

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