

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

House Bill 266 (Delegate Gilleland)
Ways and Means

Anne Arundel County - Property Tax - Credit for Individuals over Age 70

This bill authorizes Anne Arundel County to grant, by law, a property tax credit on real property used as a principal residence and owned by an individual at least 70 years old who is of limited income. The county may establish eligibility criteria for the credit, the amount and duration of the tax credit, regulations and procedures, and any other provisions necessary to carry out the credit.

The bill takes effect June 1, 2006 and applies to all taxable years beginning after June 30, 2006 but before July 1, 2009. The bill terminates on June 30, 2009.

Fiscal Summary

State Effect: None.

Local Effect: Potential decrease in Anne Arundel County property tax revenues in FY 2007 through 2009, dependent upon the amount and duration of any credit granted. County expenditures would not be affected.

Small Business Effect: None.

Analysis

Current Law: Anne Arundel County is not authorized to grant a property tax credit on real property owned by individuals who are of a specified minimum age and of limited income.

Anne Arundel County and municipal corporations in the county are required to grant a property tax credit for: (1) property owned by the U.S. Naval Academy Alumni Association (Ogle Hall); (2) property owned by the Naval Academy Athletic Association; (3) real property owned by the Three Rivers Sportsmen, Inc.; and (4) property owned by the Maryland Ornithological Society, Inc.

The county and municipal corporations may also grant a property tax credit for real property that is: (1) owned by a nonprofit community civic association or corporation; (2) dedicated by plat or deed restriction to the use of the lot owners in the community, if the use is not contingent on the payment of: dues to the association or corporation, unless the dues are used only to improve or maintain the property of the community; or compensation for admission to or use of the property, unless the compensation is used only to improve or maintain the property of the community.

Anne Arundel County may also grant, by law, a property tax credit against the local property tax imposed on real property that is: (1) owned by the Village Commons Community Center, Incorporated; or (2) leased by Anne Arundel Community College at Arundel Mills. Anne Arundel County may grant a property tax credit for property that is subject to the State's or county's agricultural land preservation program.

Anne Arundel County is also required to provide a property tax credit against the real property that is owned by the Davidsonville Ruritan Foundation, Incorporated.

Background: The average assessment for owner-occupied dwellings in Anne Arundel County is \$192,930 for the tax year beginning July 1, 2006. The U.S. Census Bureau estimates that there were 36,487 county residents age 70 and over as of July 1, 2004. For fiscal 2006, 3,855 homeowners are receiving an average Homeowners' Property Tax Credit of about \$700. The Anne Arundel County property tax rate is \$0.931 per \$100 of assessed value for fiscal 2006.

Local Fiscal Effect: Anne Arundel County property tax revenues could decrease to the extent that the county grants 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 70 and over are homeowners who qualify for a 50% credit granted by the county; revenues could decrease by approximately \$6.2 million. Revenues would decrease by approximately \$900 for every 50% property tax credit granted by the county.

Exhibit 1
Potential Effect of a Property Tax Credit for Homeowners Age 70 and Over
Anne Arundel County

Average Assessment ¹	\$192,930
Homeownership Rate	75.5%
Population Age 70 and Over ²	36,487
25% Eligible for Credit	6,887
Tax Rate	\$0.9310
Percent of Tax Bill Credit	50%
Potential County Revenue Decrease	(\$6,185,000)
Decrease per Credit Granted	(\$898)

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, Anne Arundel County, Department of Legislative Services

Fiscal Note History: First Reader - February 13, 2006
mll/hlb

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