

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 760

(Senator Stone)

Budget and Taxation

Ways and Means

Property Tax Credit - Residence of Homeowner's Family Member

This bill authorizes a local government to grant, by law, a property tax credit against the county or municipal property tax imposed on a family assistance dwelling. A local government may provide, by law, for the amount and duration of the tax credit, additional eligibility criteria for the tax credit, regulations and procedures for the application and uniform processing of the tax credit, and any other provision necessary to carry out the tax credit.

A family assistance dwelling is defined as a house, and the lot or curtilage on which the house is erected, if the house is used as the only residence for certain low-income relatives of the homeowner, including his/her brother, sister, half-brother, half-sister, spouse, parent, step-parent, grandparent, child, step-child, adopted child, or grandchild. The relative's rental payments to the homeowner must be less than 90% of a fair rental price paid for a similar dwelling in the same area. The relative must also be entitled to low-income assistance benefits under a federal or State program. The house cannot be a vacation home or a nonresidence that is used by the homeowner for personal use.

The bill takes effect June 1, 2008 and applies to all taxable years beginning after June 30, 2008.

Fiscal Summary

State Effect: None.

Local Effect: Local government property tax revenues could decrease beginning in FY 2009 to the extent the tax credit is granted. The amount of the decrease depends on

the number and value of eligible family assistance dwellings. Expenditures would not be affected.

Small Business Effect: None.

Analysis

Current Law: None applicable.

Local Fiscal Effect: County and municipal property tax revenues could decrease beginning in fiscal 2009 to the extent local governments grant the credit. The amount, which cannot be reliably quantified at this time, depends on the number of eligible family assistance dwellings and the assessed value of each. **Exhibit 1** shows the effect of a 100% county property tax credit for one family assistance dwelling in each county.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): State Department of Assessments and Taxation, Carroll County, Harford County, Montgomery County, Prince George's County, Department of Legislative Services

Fiscal Note History: First Reader - February 28, 2008
mll/hlb Revised - Senate Third Reader - April 1, 2008

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Exhibit 1
Potential Effect on County Property Tax Revenue
per Eligible Family Assistance Dwelling

<u>County</u>	<u>Average Assessment</u>	<u>Tax Rate</u>	<u>Average Tax Bill</u>	<u>100% Credit</u>
Allegany	\$81,378	\$0.983	\$800	(\$800)
Anne Arundel	331,888	0.891	2,957	(2,957)
Baltimore City	113,460	2.268	2,573	(2,573)
Baltimore	224,534	1.100	2,470	(2,470)
Calvert	301,587	0.892	2,693	(2,693)
Caroline	169,211	0.870	1,472	(1,472)
Carroll	279,977	1.048	2,934	(2,934)
Cecil	212,553	0.960	2,041	(2,041)
Charles	269,286	1.026	2,763	(2,763)
Dorchester	154,902	0.896	1,388	(1,388)
Frederick	289,571	1.064	3,081	(3,081)
Garrett	117,771	1.000	1,178	(1,178)
Harford	235,475	1.082	2,548	(2,548)
Howard	391,204	1.150	4,499	(4,499)
Kent	215,923	0.972	2,099	(2,099)
Montgomery	473,556	0.916	4,338	(4,338)
Prince George's	246,690	1.319	3,254	(3,254)
Queen Anne's	336,744	0.770	2,593	(2,593)
St. Mary's	247,522	0.857	2,121	(2,121)
Somerset	109,026	0.940	1,025	(1,025)
Talbot	390,257	0.475	1,854	(1,854)
Washington	186,897	0.948	1,772	(1,772)
Wicomico	151,540	0.881	1,335	(1,335)
Worcester	247,140	0.700	1,730	(1,730)
