

**Department of Legislative Services**  
Maryland General Assembly  
2008 Session

**FISCAL AND POLICY NOTE**

Senate Bill 416  
Budget and Taxation

(Senator Stone, *et al.*)

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**Property Tax - Senior Citizen Property Tax Work-Off Program**

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This bill authorizes county and municipal governments to establish, by law, a property tax work-off program that allows a taxpayer who is at least age 65 to perform work for a local government in lieu of paying the county or municipal property tax imposed on real property owned and used by the taxpayer as his or her primary residence. County and municipal governments are authorized to provide, by law, for additional eligibility criteria and any other provision necessary to carry out the property tax work-off program.

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

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Potential decrease in local property tax revenue dependent upon enactment of a property tax work-off program.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** Local governments are not authorized to establish property tax work-off programs for taxpayers who are at least 65 years old.

**Background:** Chapter 455 of 2006 authorized Baltimore City, counties, and municipal corporations to grant, by law, a tax credit against the county or municipal property tax imposed on real property that is owned and used as the principal residence of an individual who is at least 70 years old and of limited income.

**Local Fiscal Effect:** Local property tax revenues could decrease beginning in fiscal 2009 to the extent local governments enact a property tax work-off program. The amount of any revenue decrease depends on the number of participants in a work-off program, the amount of property tax owed by the participants, and how the program is actually implemented, none of which can be determined at this time.

The 2006 *American Community Survey* by the U.S. Census Bureau indicates that there are approximately 647,300 individuals age 65 and over in Maryland, representing 11.5% of the State's population. In addition, approximately 69% of all housing units are owner-occupied. As a point of reference, **Exhibit 1** shows the average assessed value of residential property for the current fiscal year, each county's real property tax rate, and associated county property tax.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** State Department of Assessments and Taxation, Anne Arundel County, Kent County, Montgomery County, Prince George's County, Washington County, Worcester County, Department of Legislative Services

**Fiscal Note History:** First Reader - February 8, 2008  
mam/hlb

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**Exhibit 1**  
**Average Residential Assessments and County Taxes Owed**  
**Fiscal 2008**

<u>County</u>	<u>Average Residential Assessment</u>	<u>Tax Rate</u>	<u>Estimated Tax</u>
Allegany	\$81,378	\$0.983	\$800
Anne Arundel	331,888	0.891	2,957
Baltimore City	113,460	2.268	2,573
Baltimore	224,534	1.100	2,470
Calvert	301,857	0.892	2,693
Caroline	169,211	0.870	1,472
Carroll	279,977	1.048	2,934
Cecil	212,553	0.960	2,041
Charles	269,286	1.026	2,763
Dorchester	154,902	0.896	1,388
Frederick	289,571	1.064	3,081
Garrett	117,771	1.000	1,178
Harford	235,475	1.082	2,548
Howard	391,204	1.150	4,499
Kent	215,923	0.972	2,099
Montgomery	473,556	0.916	4,338
Prince George's	246,690	1.319	3,254
Queen Anne's	336,744	0.770	2,593
St. Mary's	247,522	0.857	2,121
Somerset	109,026	0.940	1,025
Talbot	390,257	0.475	1,854
Washington	186,897	0.948	1,772
Wicomico	151,540	0.881	1,335
Worcester	247,140	0.700	1,730

Source: State Department of Assessments and Taxation; Department of Legislative Services

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