

Department of Legislative Services
Maryland General Assembly
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FISCAL AND POLICY NOTE
Revised

House Bill 1500
Ways and Means

(Prince George's County Delegation)

Prince George's County - Property Tax Credit - Senior Citizens
PG 415-09

This bill authorizes Prince George's County to grant, by law, a property tax credit for real property used as the principal residence for individuals who are at least 65 years old, of limited income, and have owned the home for at least 30 years. The county is authorized to provide, by law, for eligibility criteria for the tax credit, the amount and duration of the tax credit, regulations and procedures for the application and uniform processing of requests for the tax credit, and any other provision necessary.

The bill takes effect June 1, 2009, and applies to all taxable years beginning after June 30, 2009.

Fiscal Summary

State Effect: None.

Local Effect: Prince George's County property tax revenues may decrease by a significant amount depending on the amount of the tax credit granted and the number of eligible recipients. Under one set of assumptions, county revenues may decrease by \$956,000. County expenditures are not affected.

Small Business Effect: None.

Analysis

Current Law: Prince George's County is authorized to grant a property tax credit for real property (1) owned by specified nonprofit community civic associations; (2) owned

by the Piscataway Hills Citizens Association; (3) that is improved to promote housing, community redevelopment, and business revitalization; (4) used by the property owner to provide child care for the children of at least 25 employees; (5) owned or leased by the American Center for Physics and used only for nonprofit activities relating to the advancement and diffusion of the knowledge of physics and its application to human welfare; (6) owned by the Kettering-Largo-Mitchellville Boys and Girls Club; (7) adversely impacted by its proximity to a refuse disposal system; and (8) subject to a State or county agricultural land preservation program.

The county is required to grant a property tax credit for specified property owned by the Maryland Jaycees and the Prince George's County Chamber of Commerce Foundation.

Background: Chapter 455 of 2006 authorized Baltimore City, counties, and municipalities to grant 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 governments were authorized to provide 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 requests for the tax credit, and any other provisions necessary.

Local Fiscal Effect: Prince George's County revenues may decrease by a significant amount beginning in fiscal 2010 to the extent 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.

The State Department of Assessments and Taxation indicates that there are 191,828 owner-occupied residential properties in Prince George's County in fiscal 2009 of which 10% or 20,310 are owned by homeowners who have resided in their home since January 1, 1978. In addition, 3,800 homeowners in Prince Georges County received the homeowners' property tax credit in fiscal 2009, of which 2,850, or 75% of recipients, were at least 65 years old.

Exhibit 1 shows, *for illustrative purposes only*, the potential effect on Prince George's County revenues of a 50% local property tax credit for homeowners who have been in their homes for at least 30 years and are between the age of 65 and 69. This estimate is based on the following facts and assumptions:

- 2,850 homeowners age 65 and over received the homeowners' property tax credit in fiscal 2009;
- limited income is defined as homeowners currently eligible for the Homeowners' Property Tax Credit Program (Circuit Breaker);

- 35% of senior citizens in Prince George’s County (individuals at least 65 years old) are between the age of 65 and 69; and
- 75% of the eligible senior citizens are long-time homeowners.

Exhibit 1
Potential Effect of a 50% Property Tax Credit for Long-time Homeowners
Age 65-69

<u>Average Assessment</u>	<u>Tax Rate</u>	<u>County Tax Due</u> ¹	<u>Homeowners Age 65 to 69</u> ²	<u>Revenue Decrease</u>
\$292,894	\$1.319	\$2,549	750	\$956,000

Note: ¹After application of homeowners’ property tax credit.

²The county is already authorized to grant a property tax credit to homeowners who are at least 70 years old and of limited income through Chapter 455 of 2006.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Prince George’s County, State Department of Assessments and Taxation, Department of Legislative Services

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 ncs/hlb Revised - Clarification - March 28, 2009

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