

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 251

(Senator Simonaire, *et al.*)

Budget and Taxation

Ways and Means

Anne Arundel County - Property Tax - Credit for Seniors of Limited Income

This bill authorizes Anne Arundel County and municipalities in Anne Arundel County to grant, by law, a property tax credit for real property owned and used as the principal residence of an individual who is at least 62 years old and of limited income. Anne Arundel County and municipalities may provide, by law, for (1) the amount and duration of the property tax credit; (2) income eligibility criteria and any additional eligibility criteria for the tax credit; (3) regulations and procedures for the application and uniform processing of requests for the tax credit; and (4) any other provision necessary to administer the tax credit.

The bill takes effect June 1, 2017, and applies to taxable years beginning after June 30, 2017.

Fiscal Summary

State Effect: None.

Local Effect: Anne Arundel County and municipal property tax revenues may decrease beginning in FY 2018 to the extent the property tax credit is authorized and granted. The amount of the revenue decrease depends on the number of eligible taxpayers receiving the property tax credit and the value of the affected real property. Based on the experience of similar property tax credits in other counties, the potential revenue decrease could be significant. County expenditures are not affected.

Small Business Effect: None.

Analysis

Current Law: Baltimore City, counties, and municipalities are authorized to grant a property 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 age 65 and of limited income. Local governments are 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. Anne Arundel County has not enacted this local property tax credit.

Background: Data collected by the Department of Legislative Services during 2016 indicates the following counties have enacted the local property tax credit for individuals who are at least 65 years old and of limited income – Charles, Dorchester, Frederick, Howard, Montgomery, and Queen Anne’s. For fiscal 2016, 6,284 taxpayers claimed approximately \$2.0 million in county property tax credits as illustrated in **Exhibit 1**.

Exhibit 1 Property Tax Credit for Senior Citizens of Limited Income Fiscal 2016

<u>County</u>	<u>Number Claiming</u>	<u>Amount Claimed</u>
Charles	400	\$299,151
Dorchester	119	7,733
Frederick	2,222	605,478
Howard	735	500,657
Montgomery	2,808	605,832
Queen Anne’s	0	0
Total	6,284	\$2,018,851

Source: Department of Legislative Services

Local Fiscal Effect: County and municipal property tax revenues in Anne Arundel County may decrease beginning in fiscal 2018 to the extent the property tax credit is authorized and granted. The amount of the revenue decrease depends on the number of eligible taxpayers receiving the property tax credit and the value of the affected real property. The bill authorizes Anne Arundel County and municipalities to provide for the amount and duration of the property tax credit, as well as income eligibility criteria and any additional

eligibility criteria for the tax credit. Based on the experience of similar property tax credits in Frederick, Howard, and Montgomery counties, the potential revenue decrease could be significant.

The U.S. Census Bureau indicates that the county's population is 564,195, of which 13.7% are age 65 and over. In addition, the county's homeownership rate is 74% and the county's median household income is \$89,860.

The Anne Arundel County real property tax rate is \$0.915 per \$100 of assessed value; \$0.548 in Annapolis and \$0.915 in Highland Beach. Municipal real property tax rates are \$0.649 in Annapolis and \$0.4061 in Highland Beach. The average taxable assessment of residential real property in Anne Arundel County is \$276,482 for fiscal 2017.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Anne Arundel County; City of Annapolis; State Department of Assessments and Taxation; Department of Legislative Services

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Analysis by: Michael Sanelli

Direct Inquiries to:
(410) 946-5510
(301) 970-5510