

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 887

(Washington County Senators)

Budget and Taxation

Ways and Means

Washington County - Property Tax Credit for Disabled Veterans - Minimum
Percentage of Disability

This bill expands the eligibility for a Washington County property tax credit for the dwelling house of a disabled veteran or the surviving spouse of a disabled veteran by repealing the requirement that the veteran must have at least a 50% service-connected disability. **The bill takes effect June 1, 2018, and applies to taxable years beginning after June 30, 2018.**

Fiscal Summary

State Effect: None.

Local Effect: Washington County revenues decrease by approximately \$70,000 annually beginning in FY 2019. County expenditures are not affected.

Small Business Effect: None.

Analysis

Current Law: Chapters 362 and 363 of 2016 authorize Washington County to grant, by law, a property tax credit for the dwelling house owned by a disabled veteran or the surviving spouse of a disabled veteran. The amount of the property tax credit is equal to the percentage of the disabled veteran's service-connected disability rating.

A surviving spouse of a disabled veteran is eligible for the property tax credit if the dwelling house was owned by the disabled veteran at the time of the disabled veteran's

death and the disabled veteran was receiving the property tax credit, and the surviving spouse owns and resides in the dwelling house.

In order to receive the property tax credit, a disabled veteran or a surviving spouse of a disabled veteran must apply for the property tax credit by providing to the county (1) a copy of the disabled veteran's discharge certificate from active military, naval, or air service and (2) a certification of the disabled veteran's disability from the Veterans' Administration.

A "disabled veteran" is defined as an individual who (1) is honorably discharged or released under honorable circumstances from active military, naval, or air service as defined in 38 U.S.C. § 101 and (2) has been declared by the Veterans' Administration to have a permanent service connected disability of at least 50% that results from blindness or other disabling cause that is reasonably certain to continue for the life of the veteran and was not caused or incurred by misconduct of the veteran. A disabled veteran includes an individual who qualifies posthumously for a service-connected disability of at least 50%.

A "surviving spouse" is defined as an individual who has not remarried and who is the surviving spouse of a disabled veteran. A dwelling house is real property that is the legal residence of a disabled veteran or a surviving spouse and occupied by not more than two families. It includes the lot or curtilage and structures necessary to use the real property as a residence.

Washington County may provide, by law, for (1) the duration of the tax credit; (2) regulations and procedures for the application and uniform processing of requests for the tax credit; and (3) any other provision necessary to carry out the tax credit.

Background: Washington County's real property tax rate is \$0.948 per \$100 of assessment for fiscal 2018. For fiscal 2017, the average taxable value for residential property receiving the Homestead Property Tax Credit is \$204,056.

Local Fiscal Effect: Washington County currently provides a property tax credit for disabled veterans or the surviving spouse of a disabled veteran. To receive the tax credit, the disabled veteran must have at least a 50% disability rating. Approximately 110 disabled veterans currently receive the property tax credit, at an estimated cost of approximately \$150,000 in fiscal 2018. This represents an average tax credit of \$1,360 per individual.

Washington County estimates that by expanding program eligibility to include all disabled veterans an additional 110 disabled veterans will be eligible to receive the property tax credit. This expansion will cost approximately \$70,000 annually which represents a \$600 average property tax credit for each new recipient. Accordingly, Washington County revenues will decrease by approximately \$70,000 annually beginning in fiscal 2019.

Additional Information

Prior Introductions: None.

Cross File: HB 1147 (Delegate Wivell) - Ways and Means.

Information Source(s): Washington County; State Department of Assessments and Taxation; Department of Legislative Services

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