

**Department of Legislative Services**  
Maryland General Assembly  
2019 Session

**FISCAL AND POLICY NOTE**  
**Third Reader - Revised**

Senate Bill 816

(Senator Smith)

Budget and Taxation

Ways and Means

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**Property Tax Credit - Surviving Spouse of Veteran**

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This bill alters the eligibility criteria of a local option property tax credit for specified members of the U.S. Armed Forces and surviving spouses by requiring the surviving spouse to be at least 65 years old to be eligible for the property tax credit. In addition, the bill enables a surviving spouse who is under age 65 to continue to receive the property tax credit if the surviving spouse qualified for and received the property tax credit before June 1, 2019. **The bill takes effect June 1, 2019, and applies to taxable years beginning after June 30, 2019.**

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** County and municipal property tax revenues may decrease beginning in FY 2020 to the extent that local jurisdictions grant the property tax credit and the changes to existing eligibility requirements result in additional individuals becoming eligible for the property tax credit. Local expenditures are not affected.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** Chapter 498 of 2016 authorized local governments to grant, by law, a property tax credit for a dwelling owned by (1) an individual who is at least 65 years old and has lived in the same dwelling for at least the preceding 40 years or (2) a retired member of the U.S. Armed Forces who is at least 65 years old. The amount of the property

tax credit may not exceed 20% of the county or municipal property tax imposed on the property and may be granted for up to 5 years.

Local governments may provide, by law, for (1) the maximum assessed value of a dwelling that is eligible for the tax credit; (2) 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 carry out the tax credit.

Chapter 184 of 2017 altered the eligibility criteria by specifying that eligible individuals must be members of the uniformed services of the United States as defined by 10 U.S.C. Section 101, the military reserves, or the National Guard. Chapters 309 and 310 of 2018 altered the eligibility criteria once again by adding the surviving spouse of the retired service member as an eligible recipient of the property tax credit. However, to be eligible for the property tax credit, the surviving spouse cannot be remarried.

#### *Similar Property Tax Credits for Elderly Individuals*

Local governments 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 65 years old 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.

**Local Fiscal Effect:** County and municipal property tax revenues may decrease beginning in fiscal 2020, to the extent that local jurisdictions grant the property tax credit, and the changes to existing eligibility requirements result in additional individuals becoming eligible for the property tax credit. The revenue decrease is not expected to be significant and will depend on the number of eligible homeowners, the value of residential property tax assessments, and local property tax rates.

As a point of reference, **Exhibit 1** shows the average residential property tax assessments and property tax rates for each county. Additional information on local property tax rates and property assessments can be found in Chapters 4 and 5 of the Overview of Maryland Local Governments report. A copy of the report can be found on the Department of Legislative Services website.

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## Additional Information

**Prior Introductions:** None.

## **Cross File: HB 81 (Delegate Wilkins, *et al.*) - Ways and Means.**

**Information Source(s):** Dorchester, Garrett, and Montgomery counties; City of Laurel; Department of Veterans Affairs; State Department of Assessments and Taxation; Department of Legislative Services

**Fiscal Note History:** First Reader - February 15, 2019  
mag/hlb Third Reader - April 3, 2019  
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**Exhibit 1**  
**Residential Property Tax Assessments and Property Tax Rates**

<b>County</b>	<b>Average Total Value FY 2017</b>	<b>Average County Homestead Credit FY 2017</b>	<b>Property Tax Rate FY 2018</b>
Allegany	\$94,878	\$7,939	\$0.9760
Anne Arundel	276,482	89,033	0.9070
Baltimore City	133,263	30,478	2.2480
Baltimore	226,681	16,799	1.1000
Calvert	263,809	25,493	0.9520
Caroline	178,051	14,332	0.9800
Carroll	302,051	8,684	1.0180
Cecil	292,387	8,832	1.0414
Charles	259,751	8,850	1.2050
Dorchester	194,673	25,337	0.9740
Frederick	293,806	9,441	1.0600
Garrett	120,058	16,688	0.9900
Harford	257,605	8,181	1.0420
Howard	379,774	19,679	1.1900
Kent	223,204	43,863	1.0220
Montgomery	328,888	15,822	1.0129
Prince George's	214,043	33,141	1.3740
Queen Anne's	337,525	21,516	0.8471
St. Mary's	262,461	31,496	0.8478
Somerset	104,915	15,019	1.0000
Talbot	250,991	154,296	0.5708
Washington	203,350	10,216	0.9480
Wicomico	160,278	7,555	0.9398
Worcester	216,166	24,620	0.8350

Source: State Department of Assessments and Taxation

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