

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 571
Ways and Means

(Montgomery County Delegation)

Budget and Taxation

Montgomery County - Disabled Active Duty Service Members, Disabled Veterans, and Surviving Spouses - Property Tax Abatement
MC 20-21

This emergency bill allows Montgomery County to authorize an abatement of any overdue property tax for taxable years beginning on or after July 1, 2018, (1) on a dwelling transferred to a disabled active duty service member, disabled veteran, or surviving spouse who applies for and qualifies for a specified property tax exemption and (2) for which the transferee is liable.

Fiscal Summary

State Effect: None.

Local Effect: Montgomery County expenditures increase beginning in FY 2022 to the extent property tax abatements are issued. Montgomery County revenues are not affected.

Small Business Effect: None.

Analysis

Current Law: The real property owned by disabled veterans, as their legal residence, is exempt from taxation, if specified requirements are met. A disabled veteran is an individual who is honorably discharged or released under honorable circumstances from active service in any branch of the U.S. Armed Forces. To qualify for the tax exemption, the disabled veteran must have a 100% service-connected disability rating. Real property owned by the surviving spouse of a disabled veteran and the surviving spouse of an individual who died in the line of duty while in active military, naval, or air service of the

United States is exempt from taxation. In addition, a home owned by the surviving spouse of a veteran of the U.S. Armed Forces who receives Dependency and Indemnity Compensation from the U.S. Department of Veterans Affairs is eligible for a property tax exemption under specified circumstances.

Chapter 520 of 2019 provided a property tax exemption for the dwelling owned by a disabled active duty service member. A disabled active duty service member must apply for the property tax exemption by providing to the Supervisor of Assessments a certification of the service member's disability from a physician licensed to practice medicine in the State or from the Veterans' Administration, on the form provided by the State Department of Assessments and Taxation. A disabled active duty service member is defined as an individual in active service of the military, naval, or air service as defined in 38 U.S.C. § 101 who has a service connected physical disability that is reasonably certain to continue for the life of the service member and was not caused or incurred by misconduct of the service member.

The Maryland Association of Counties advises that Montgomery County grants a refund of county property taxes paid by a disabled veteran or surviving spouse in the taxable years in which an exemption was authorized but not granted. A refund may not be made for a year or portion of a year that is more than five years preceding the date of application for the refund.

Local Fiscal Effect: In some instances, there is a delay in the time a veteran applies to the federal government for disability benefits and when a State and local property tax exemption is granted due to the time it takes to process claims at the federal level. As a result, the individual has to pay State and local property taxes while the application is processed and approved. The bill allows Montgomery County to provide these individuals with a property tax abatement for any overdue property taxes for taxable years beginning on or after July 1, 2018.

Montgomery County expenditures increase beginning in fiscal 2022 to the extent property abatements are issued. The amount of the expenditure increase depends on the number of eligible individuals who apply for an abatement of overdue county property taxes in any year and the assessed value of each exempt property.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

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

Fiscal Note History: First Reader - January 31, 2021
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Analysis by: Michael Sanelli

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