

**Department of Legislative Services**  
Maryland General Assembly  
2022 Session

**FISCAL AND POLICY NOTE**  
**Third Reader**

Senate Bill 901

(Senator Hershey, *et al.*)

Budget and Taxation

Ways and Means

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**Property Tax - Elderly Individuals and Veterans Tax Credit - Amount and Duration**

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This bill alters a local property tax credit for specified elderly individuals and veterans by authorizing local governments to determine the amount and duration of the property tax credit. Under current law, the amount of the property tax credit may not exceed 20% of property taxes owed and the duration may not exceed 5 years. **The bill takes effect June 1, 2022, and applies to taxable years beginning after June 30, 2022.**

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** To the extent the property tax credit is granted and local governments decide to alter the amount and the duration of the property tax credit, local property tax revenues will continue to decrease. Local expenditures are not affected.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** This local option property tax credit was established at the 2016 session and has been amended several times since then as discussed below.

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 for the property tax credit by requiring that specified individuals must be members of the uniformed services of the United States as defined by 10 U.S.C. § 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.

Chapter 36 of 2019 altered the eligibility for the property tax credit by requiring the surviving spouse to be at least 65 years old to be eligible for the property tax credit. In addition, Chapter 36 enabled 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.

Chapter 642 of 2020 altered the eligibility criteria for the property tax credit by extending eligibility to certain disabled military personnel under the age of 65. Eligible individuals include specified active duty, retired, or honorably discharged members of (1) the uniformed services of the United States as defined in 10 U.S.C. § 101; (2) the military reserves; or (3) the National Guard. To qualify for the property tax credit, the individuals must have a service-connected disability as defined in a local law. In addition, a surviving spouse of these individuals who has not remarried also qualifies for the property tax credit. Local governments are authorized to establish the criteria that define a service-connected disability of an eligible individual.

**Local Fiscal Effect:** Local property tax revenues may continue to decrease beginning in fiscal 2023, to the extent that local jurisdictions grant the property tax credit, and local jurisdictions alter the amount and duration of the property tax credit. Depending on the jurisdiction, the revenue decrease may be significant. The amount of the revenue decrease depends on the number of eligible homeowners, the value of residential property tax assessments, local property tax rates, and the maximum property tax credit amount.

Montgomery County advises that when the county government enacted the property tax credit in fiscal 2017, the county had 5,000 applicants and granted approximately

\$3.4 million in property tax credits. Prince George's County indicates that the property tax credit has not been adopted by the county government.

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

**Information Source(s):** Montgomery and Prince George's counties; Maryland Municipal League; State Department of Assessments and Taxation; Department of Legislative Services

**Fiscal Note History:** First Reader - March 8, 2022  
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