

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 975

(Senator Jennings)

Budget and Taxation

Ways and Means

Property Tax Exemption - Disabled Veteran, Active Duty, and Surviving Spouse
- Application Process

This bill authorizes an individual to submit an application to the State Department of Assessments and Taxation (SDAT) for a specified property tax exemption for disabled veterans and surviving spouses for a specific dwelling house the individual intends to purchase before purchasing the dwelling house. Following receipt of the application, SDAT must process the application and send the applicant a letter stating (1) that the application is preliminarily approved or preliminarily denied and (2) if the application is preliminarily approved, the amount of the tax exemption for the dwelling the individual intends to purchase. An individual who is issued a letter preliminarily approving the exemption must receive the exemption for the dwelling referenced in the letter after becoming the owner of the dwelling without having to file another application.

Fiscal Summary

State Effect: None. SDAT can handle the bill's requirements with existing budgeted resources.

Local Effect: None.

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.

A disabled veteran or a surviving spouse of a disabled veteran must apply for an exemption by providing to the Supervisor of Assessments (1) a copy of the disabled veteran's discharge certificate from active military, naval, or air service and (2) on the form provided by the department, a certification of the disabled veteran's disability from the Veterans' Administration. The disabled veteran's certificate of disability may not be inspected by individuals other than (1) the disabled veteran or (2) appropriate employees of the State, a county, or a municipality.

State Fiscal Effect: SDAT advises that the department currently accepts applications for the property tax exemption before an individual purchases the dwelling house. However, the department does not have a statutory deadline for notifying the applicant of the determination, but internal procedural instructions require the Supervisor of Assessments to immediately approve the application if all eligibility criteria are met. The department reports that the letter notifying the applicant may not be mailed until the department knows the property address and account number as they are typically included in the notification letter.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 809 (Delegate Kipke, *et al.*) - Ways and Means.

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

Fiscal Note History:
js/hlb

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Third Reader - April 7, 2022

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