

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 404
Ways and Means

(Delegate Feldmark, *et al.*)

Budget and Taxation

**Property Tax - Local Homeowners' Credit Supplement - Limitation on
Combined Gross Income**

This bill authorizes local governments to provide a local supplement to the State homeowners' property tax credit to homeowners whose combined gross income exceeds \$60,000. **The bill takes effect June 1, 2023, and applies to taxable years beginning after June 30, 2023.**

Fiscal Summary

State Effect: None. The State Department of Assessments and Taxation (SDAT) can continue to administer the local supplement to the homeowners' property tax credit with existing resources.

Local Effect: Local property tax revenues may decrease beginning in FY 2024, to the extent local governments alter their existing supplement to the homeowners' property tax credit.

Small Business Effect: None.

Analysis

Current Law: The homeowners' property tax credit program is a State-funded program that provides credits against State and local real property taxation for homeowners who qualify based on a sliding scale of property tax liability and income. Homeowners must apply to SDAT each year in order to be eligible for the property tax credit. The application is available on the department's website; current applications may be filed through

October 1, 2023. Approximately 45,000 individuals receive the property tax credit each year. The fiscal 2024 State budget includes \$56.5 million in funding for the program.

The maximum assessment against which the credit may be granted is \$300,000, less the amount of any homestead property tax credit received (a State program that provides tax credits against State, county, and municipal real property taxes for owner-occupied residential properties for the amount of real property taxes resulting from annual assessment increases that exceeds a certain percentage or “cap” in any given year). To be eligible for the property tax credit, a recipient’s net worth may not exceed \$200,000 and the combined gross household income may not exceed \$60,000.

Local Supplement to Homeowners’ Property Tax Credit

Local governments are authorized to grant a local supplement to the homeowners’ property tax credit program. While SDAT administers the local program, local governments are responsible for covering the cost of the local supplement. Currently, Baltimore City and 13 counties (Anne Arundel, Baltimore, Calvert, Caroline, Carroll, Charles, Frederick, Garrett, Harford, Howard, Kent, Montgomery, and Washington counties) provide a local supplement to the State program. In addition, several municipalities also provide a local supplement, including the cities of Bowie, College Park, Frederick, Gaithersburg, Greenbelt, Hyattsville, and Rockville.

Local Revenues: Local property tax revenues decrease beginning in fiscal 2024, to the extent local governments alter their existing supplement to the homeowners’ property tax credit by expanding eligibility to additional homeowners. The amount of the revenue decrease will vary by jurisdiction and depend on the number of homeowners who qualify for the credit based on the eligibility requirements specified by the local jurisdiction.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Maryland Association of Counties; Maryland Municipal League; State Department of Assessments and Taxation; Department of Legislative Services

Fiscal Note History:
rh/hlb

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