

Testimony in SUPPORT of HB1200, *Property Tax - Credit to Offset
Increases in Local Income Tax Revenues - Eligibility*

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February 25, 2020

Please SUPPORT HB1200, *Property Tax - Credit to Offset Increases in Local Income Tax Revenues - Eligibility*. This bill ensures that only "principal residences" receive the \$692 offset credit (which can vary each year) that Montgomery County has been issuing for many years. (Many other counties and Baltimore City are also authorized under state law to issue this credit but at the present time, only Montgomery County issues the offset credit.)

The offset credit is intended only for principal residences but is currently being improperly issued to tens of thousands of investment properties and second homes, leading to improper issuance of about \$40 million of property tax credits each year in Montgomery County.

This bill is similar in principle to the highly successful HOMESTEAD CREDIT VERIFICATION ACT that became law in 2007. The HOMESTEAD CREDIT VERIFICATION ACT ensures that only principal residences receive the homestead credit, but it overlooked the fact that Montgomery County improperly issues the Offset Credit to tens of thousands of properties that have not been verified as principal residences.

Please note also that because of the data collection required by the HOMESTEAD CREDIT VERIFICATION ACT, the SDAT and the counties and Baltimore City already have the data on file that is needed to implement the requirements of HB1200.

Thank you for your anticipated favorable report on HB1200, a bill that would bring an additional \$40 million of property tax revenue each year to Montgomery County at no cost to the state.