



**DEPARTMENT OF
ASSESSMENTS AND TAXATION**

Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor · Michael L. Higgs, Jr., Director

DATE: January 26, 2021

BILL NUMBER: HB 0158

COMMITTEE: Ways and Means

BILL TITLE: Property Tax – Homeowners’ Property Tax Credit – Calculation and Refunds

SDAT POSITION: Letter of Information

The State Department of Assessments and Taxation (SDAT) offers the following information for HB 0158.

Section 1 of this bill codifies existing policy that was enacted by the State Department of Assessments and Taxation (SDAT) beginning with the 2020 tax credit year. Section 2 requires SDAT to make that policy change retroactive and determine whether a homeowner is owed a refund of property taxes paid by the homeowner for prior taxable years as a result of the Act.

Section 1 of the legislation requires that SDAT not include any adjustment for local tax credits when determining the state and local supplemental homeowners’ tax credits due, which was a policy adopted by SDAT beginning with the 2020 tax credit application. Increased expenditures due to that change were included in the FY20 and subsequent budgets. Therefore, this section would have no operational nor fiscal impact on the Department or the state.

Section 2 imposes a mandated appropriation in the state budget as it requires the state to issue additional property tax refunds for prior fiscal years, which is infeasible as currently written since the counties and not SDAT administer property taxes and therefore the Department would not have a cost effective way of knowing whether or not any individual homeowner would be due a property tax refund. After conversations with the bill’s sponsor, SDAT anticipates a technical amendment changing the language in Section 2 so that the Department would determine whether a homeowner is due additional State Homeowners’ Tax Credits, as opposed to a property tax refund.

If an amendment is adopted to accomplish that change, the Department would be able to administer this legislation so long as the homeowner is presently living in the same property as they were from 2017-2019. It is unclear how the Department would address payments to

Office of the Director
300 W. Preston St., Room 605, Baltimore, MD 21201
www.dat.maryland.gov
410-767-1184 (phone) 1-800-552-7724 (MD Relay)
410-333-5873 (fax) 1-888-246-5941 (toll free)



**DEPARTMENT OF
ASSESSMENTS AND TAXATION**

Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor · Michael L. Higgs, Jr., Director

previous homeowners who have since moved, and possibly cannot be located. SDAT is working to determine a more accurate fiscal impact, but state expenditures would increase by nine (9) to twelve (12) million dollars.

SDAT is further concerned for if absent the amendment discussed above, counties may incur additional expenses and some homeowners' may have to reimburse the counties or state for tax credits they previously received.

While Section 1 has no operational nor fiscal impact on the Department or the state, SDAT is concerned that an unamended section 2 would be unworkable.

SDAT respectfully requests the committee consider this information as it deliberates HB 158.

Office of the Director

300 W. Preston St., Room 605, Baltimore, MD 21201

www.dat.maryland.gov

410-767-1184 (phone)

1-800-552-7724 (MD Relay)

410-333-5873 (fax)

1-888-246-5941 (toll free)