



**DEPARTMENT OF  
ASSESSMENTS AND TAXATION**

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

**DATE:** January 29, 2021

**BILL NUMBER:** HB 387

**COMMITTEE:** Ways and Means

**BILL TITLE:** Homeowners' Property Tax Credit – Eligibility – Hardship Exception

**SDAT POSITION:** Letter of Information

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The State Department of Assessments and Taxation (SDAT) offers the following information for HB 387, a bill that would require SDAT to process Homeowners' Tax Credit applications with combined gross household income that exceeds the \$60,000 threshold, if the homeowner has had "an illness or accident-related injury" or "a property casualty event" at their home.

As presently written, the Department has concerns that the term "illness" is overly broad and the Department will not easily be able to determine what is, or is not, an illness. The Department also has concerns with the requirement that this change be implemented for "all taxable years beginning after June 30, 2021." That timeline corresponds to the 2021 tax credit application season, which lasts from February through October, and the Department would prefer not to implement new programs and policies part-way through an application year.

The Department would need to hire one Grade 11 employee, which would cost \$55,976 in FY22, since these applications will have to be manually reviewed and include more information than standard homeowners' applications. General fund expenditures would increase depending on how many applicants are granted credits under this section—the average homeowners' tax credit, at present, is approximately \$1,400.

It is the Department's understanding that an amendment may be introduced that strikes the word "illness" from §9-104(a)(9)(i), and makes this legislation "applicable to all taxable years beginning after June 30, 2022." Those changes would mitigate any serious operational concerns the Department has with this program. Staffing costs would still increase depending on how applicants apply under this section, as would general fund expenditures.

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