



House Bill 158

Property Tax – Homeowners’ Property Tax Credit – Calculation and Refunds

MACo Position: **SUPPORT**

To: Ways and Means Committee

Date: January 26, 2021

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** HB 158. This bill properly requires the State to rectify errors made by the State Department of Assessments and Taxation (SDAT) which resulted in thousands of low-income Marylanders paying excessive property taxes.

The Homeowners’ Property Tax Credit (HTC) is a State-funded program that provides credits against state and local real property taxes for homeowners who qualify based on a sliding scale of property tax liability and income. According to a recent report from the Office of Legislative Audits, since at least 2005, SDAT erroneously included adjustments based on other property tax credits when calculating the value of HTCs in at least two jurisdictions (Montgomery County and Baltimore City), and in 2019, improperly reduced these credits by at least \$4.4 million.

HB 158 clarifies the calculation of the Homeowners’ Property Tax Credit Program (HTC) by basing the credit on the amount of property taxes paid prior to any adjustments for other property tax credits, and requires the State to retroactively grant refunds to eligible homeowners.

As SDAT administers the State HTC, as well as supplemental credits awarded to eligible homeowners by their local governments, the State should similarly be the party responsible for paying any and all refunds for overpayments due to miscalculating these credits.

For these reasons, MACo urges the Committee to give HB 158 a **FAVORABLE** report.