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The Maryland House of Delegates
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**Testimony in Support of HB 387 – Homeowners’ Property Tax Credit –
Eligibility – Hardship Exceptions**

Chair Kaiser, Vice Chair Washington and Members of the House Ways and Means Committee:

The State has a program that sets a limit on the amount of property taxes a homeowner must pay based upon their income. This is the Homeowners’ Property Tax Credit program and is available to families who earn less than \$60,000. It allows credits against the homeowner's property tax bill if the property taxes exceed a fixed percentage of the person's gross income.

Homeowners submit an application to the State Department of Assessments and Taxation for the property tax credit. If an applicant is denied the property tax credit, they can appeal to the Property Tax Assessment Appeals Board of their county. Unfortunately, the Appeals Board has no discretion in reversing a denial, unless SDAT has made a math error.

This past year, I heard from two members of Baltimore County’s Property Tax Assessment Appeals Board (one of whom will be testifying shortly) about homeowners who have endured significant hardship and yet are denied the tax credit because their gross income is more than \$60,000. Sometimes the homeowner’s income is little above \$60,000 but they had to pay out of pocket for a family member’s medical care. In other situations, the homeowner has withdrawn money from an IRA or 401k to pay for these expenses, only to realize later that these funds count against gross income and make them ineligible. Most of these homeowners are senior citizens.

This bill would set up a hardship exception for a homeowner whose income is above \$60,000. If a homeowner suffered a hardship that is illness, accident, or property casualty-related in the previous year, and SDAT determines that the

homeowner incurred expenses related to that hardship that created significant financial distress for the homeowner, the property tax credit could be granted. The homeowner would have to document the hardship and the related expenses.

I realize this would require SDAT to determine what constitutes financial distress, but it should be able to come up with a method for doing that.

In this way, we would be able to give property tax relief to homeowners of relatively modest means who have suffered a significant hardship in the previous year.