



Peter Franchot
Comptroller

Letter of Information - House Bill 1138 - Homeowners' Property Tax Credit - Easy Application and Automatic Renewal

*Ways and Means Committee
March 1, 2022*

Upon review, COM has found the following operational concerns are raised by HB1138:

This bill would require the Comptroller to include on the income tax return form a notification of the availability of the Homeowners' Property Tax Credit, as well as a separate form for qualified taxpayers to apply for the credit.

The requirements of this bill are burdensome on the Comptroller's Office, as reprogramming and additional processing would be required. Additionally, including a *property* tax application with the *income* tax return may not effectively accomplish the goal of the program, and could cause confusion among taxpayers.

A viable alternative may be to require the Comptroller to identify taxpayers who may be eligible based on their income and transmit all the relevant data to SDAT, including names, addresses, SSNs, and income. SDAT could then use that information to send a pre-filled application to the taxpayers.

At a minimum, should this legislation proceed, the Comptroller's Office would request an amendment requiring SDAT to draft the language for the notification and create the included form. This could be included as:

(C) (1) THE COMPTROLLER SHALL INCLUDE WITH THE INCOME TAX RETURN FORM A SEPARATE FORM THAT IS REQUIRED ONLY FOR INDIVIDUALS WHO WISH TO APPLY FOR THE HOMEOWNERS' CREDIT.

(2) **The form described in section (c)(1) shall be created by the Department and shared with the to the Comptroller at a time the Comptroller designates.**

~~(2)~~(3) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE SEPARATE FORM SHALL REQUIRE THE TAXPAYER TO PROVIDE ALL THE INFORMATION NECESSARY FOR THE DEPARTMENT TO DETERMINE THE TAXPAYER'S ELIGIBILITY FOR THE HOMEOWNERS' CREDIT.

(II) THE SEPARATE FORM MAY NOT REQUIRE THE TAXPAYER TO PROVIDE ANY INFORMATION THAT THE TAXPAYER IS REQUIRED TO PROVIDE ON THE INCOME TAX RETURN FORM, INCLUDING ANY

SOURCES AND AMOUNTS OF INCOME THAT ARE REPORTED ON THE INCOME TAX RETURN FORM.

~~(3)~~ (4) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE COMPTROLLER SHALL REQUIRE A TAXPAYER TO SUBMIT WITH THE SEPARATE FORM ANY DOCUMENTATION THE DEPARTMENT ~~REQUIRES~~ requests TO VERIFY THE TAXPAYER'S INCOME FOR PURPOSES OF THE HOMEOWNERS' CREDIT.

(II) THE ~~COMPTROLLER~~ Department MAY NOT REQUIRE A TAXPAYER TO SUBMIT WITH THE SEPARATE FORM ANY DOCUMENT THAT THE TAXPAYER IS REQUIRED TO SUBMIT WITH THE INCOME TAX RETURN FORM, INCLUDING, IF SUBMITTED WITH THE INCOME TAX RETURN FORM, A COPY OF THE TAXPAYER'S FEDERAL INCOME TAX RETURN.

(D) NOTWITHSTANDING § 13-202 OF THIS ARTICLE, THE COMPTROLLER SHALL TRANSMIT TO THE DEPARTMENT:

(1) A COPY OF EACH FORM SUBMITTED BY A TAXPAYER UNDER SUBSECTION (C) OF THIS SECTION; AND

(2) FOR EACH TAXPAYER WHO SUBMITS A FORM UNDER SUBSECTION (C) OF THIS SECTION, ANY OTHER INFORMATION OR DOCUMENTATION IN THE COMPTROLLER'S POSSESSION THAT IS NOT INCLUDED ON OR WITH THE FORM SUBMITTED UNDER SUBSECTION (C) OF THIS SECTION BUT IS NECESSARY FOR THE DEPARTMENT TO DETERMINE THE TAXPAYER'S ELIGIBILITY FOR THE HOMEOWNERS' CREDIT, as determined by the Department.

As always, the Comptroller's Office is willing and available to discuss these concerns or any questions you may have at your convenience. Please contact Justin Hayes, Legislative Director at jhayes@marylandtaxes.gov or 410-260-7696.

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