

LARRY HOGAN
Governor

BOYD K. RUTHERFORD
Lt. Governor



MICHAEL HIGGS
Director

CORBETT WEBB
Deputy Director

301 W. Preston Street, Room 801, Baltimore, Maryland 21201
Legislative Director: Jonathan.Glaser@Maryland.gov
1-888-246-5941 TTY: 1-800-735-2258
www.dat.maryland.gov

HEARING DATE: March 1, 2022

BILL: HB1138

TITLE: Homeowners' Property Tax Credit - Easy Application and Automatic Renewal

SDAT POSITION: Letter of Information

The Homeowners Property Tax Credit allows credits against the homeowner's property tax bill if the property taxes exceed a fixed percentage of the person's gross income. In other words, it sets a limit on the amount of property taxes any homeowner must pay based upon their income.

Since income can change annually, an annual application is required. HB1138 intends to automatically enroll and annually requalify homeowners for the Homeowners Property Tax Credit.

The State Department of Assessments and Taxation (SDAT) believes this legislation complicates the current process by involving multiple agencies (SDAT and the Comptroller's Office) in the process of administering a singular tax credit.

Additionally, SDAT is concerned with the large fiscal impact on SDAT's IT vendors. This legislation will demand that a seventh phase be added to the current Cloud Revenue Integrated Systems (CRIS) project.

Additionally, as written, this legislation leads to many potential questions from customers such as:

- Which agency is best suited to field inevitable questions about the new process: the Comptroller or SDAT?
- Should taxpayers wait to submit their income tax returns until their SDAT questions are resolved? Many individuals will confuse Comptroller questions with SDAT questions, and the departments' responses may counteract one another.

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SDAT suggests simplifying the legislation, removing the additional IT costs, and adding language to the MD Tax Return stating that "if you own and live in your home and your gross household income is less than \$60,000 and your net worth is less than \$200,000 not including the value of your home, you may be eligible for the Homeowners' Tax Credit, with an average credit of \$1,400. Visit taxcredits.sdat.maryland.gov for more information and to apply."

It is SDAT's goal to direct more customers to Maryland OneStop, where applications can be processed quicker and more efficiently than paper applications.

For these reasons, SDAT offers this Letter of Information and strongly urges a reconsideration of HB1138 in its current form.