

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: February 8, 2022

BILL: HB0309

TITLE: Baltimore County - Homestead Property Tax Credit Notice - Pilot Program

SDAT POSITION: Letter of Information

The State Department of Assessments and Taxation (SDAT) offers the following information for HB0309:

This bill establishes a pilot program in the 6th legislative district that would require SDAT to identify residential properties that are being rented and are eligible for the Homestead Tax Credit but not currently receiving the credit. Additionally, the bill will require SDAT to add a statement to the assessment notice for select properties stating “THE PROPERTY MUST COMPLY WITH ANY STATE OR LOCAL BUILDING AND HOUSING CODES AND THE RENTAL HOUSING REGISTRY.”

The Department appreciates the intent of the proposed legislation. However, SDAT advises that the Homestead Property Tax Credit is not applicable to residential rental property owners.

Additionally, it is unlikely the specified notifications required in HB0309 will notify residential rental property owners, which is the intent of the legislation. The Homestead Tax Credit application is designed only for primary homeowners who reside in the dwelling for at least six months and one day of the year. Homestead Tax Credit applications are only mailed to homeowners who have recently purchased a home and do not have a Homestead Tax Credit application on file.

There are no properties in Maryland that are residential, rented, and eligible for the Homestead Tax Credit. If the property is rented, the owner occupancy code in SDAT’s system would make

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the property ineligible for the credit. Therefore, there would never be any properties that would have to be notified.

SDAT currently provides each tax jurisdiction with the owner occupancy information requested in lines 24 through 27 of this bill in the tax file extract delivered to the jurisdiction. SDAT further feels the change under this bill is unnecessary as the department currently works with local jurisdictions to provide this information in a format apart from the tax file extract when requested for the local jurisdictions' use in code enforcement. In jurisdictions that request this data, it is used to cross check their rental housing registry for enforcement of their local codes.

This method of providing the data directly to the jurisdiction has a greater effect on resolving the issue of rental housing registration by allowing the jurisdiction to provide code enforcement, as opposed to simply notifying the property owner that they must comply.

The department is concerned the required specifications of HB0309 could deter low-income homeowners from applying for the Homestead Property Tax Credit. Low-income homeowners who struggle to make ends meet, and may be in need of the Homestead Tax Credit, may choose not to apply due uncertainty as to whether their property complies with state or local building and housing codes.

For these reasons, SDAT offers this Letter of Information and strongly urges a reconsideration of HB0309 in its current form.