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**BILL NO.:**            **HB 404**

**TITLE:**              Property Tax - Statewide Optional Credit for Homeowners  
Who Have Suffered a Hardship

**SPONSOR:**        Delegate Feldmark

**COMMITTEE:**      Ways and Means

**POSITION:**        **SUPPORT WITH AMENDMENTS**

**DATE:**              February 14, 2023

Baltimore County **SUPPORTS WITH AMENDMENTS** House Bill 404 – Property Tax - Statewide Optional Credit for Homeowners Who Have Suffered a Hardship. This legislation would enable local jurisdictions to establish a homeowner’s tax credit if the applicant demonstrates that their State tax credit was denied on the basis of exceeding the income threshold due to extracting funds to cover the cost of a hardship.

Currently, residents may apply for the State Homeowner’s Tax credit if they meet certain criteria, including having a combined gross income of less than \$60,000 in a year. The past few years have been difficult on many residents, often resulting in difficult decisions, like withdrawing funds from a retirement account, in order to manage a hardship. Unfortunately, if taking such a legal withdrawal results in the applicant’s income exceeding \$60,000 under any circumstances, that applicant will be denied the State Homeowner’s Tax Credit. The unfortunate net result of this policy is that vulnerable, otherwise-qualifying individuals have been allowed to slip through the cracks and miss out on critical State assistance as a direct result of having suffered a hardship.

In 2021, the State passed a similar piece of enabling legislation which applied only to Baltimore County. The County was excited for the opportunity to partner with the State to make sure vital assistance were reaching residents with the greatest need. However, when evaluating the bill’s implementation, it became clear that the fiscal and logistical burden of administering the program could not be absorbed by existing staff. Baltimore County believes that this bill could be made stronger by adding a requirement that SDAT partner with Counties to administer the hardship homeowner’s tax credit, while recouping the cost of doing so from Counties enacting the credit. This approach would allow efficient verification of qualifying applicants, and ease the process for applicants seeking a hardship credit. In attempting to

implement the Baltimore County-specific bill from 2021, the County Office of Budget and Finance could not justify hiring a new position to support a tax credit for which the number of potentially eligible residents could not be determined. Centralizing the administration among a cohort of implementing counties, and allowing SDAT to recoup their costs for doing so, may even incentivize participation among more counties with similar concerns to those of Baltimore County.

Baltimore County stands ready to work with SDAT and coordinate with other counties interested in offering hardship credits for residents, so long as the credit administration can be undertaken by the State.

Accordingly, Baltimore County requests a **FAVORABLE WITH AMENDMENTS** report on HB 404. For more information, please contact Jenn Aiosa, Director of Government Affairs at [jaiosa@baltimorecountymd.gov](mailto:jaiosa@baltimorecountymd.gov).