

HB 404 - Property Tax - Local Homeowners' Credit S

Uploaded by: Christa McGee

Position: FAV



House Bill 404 – Property Tax – Local Homeowners Credit Supplement – Limitation on Combined Gross Income

Position: Support

Maryland REALTORS® supports HB 404, which enables counties and the Mayor and City Council of Baltimore City to modify the current combined gross income limitation that exists for homeowners to be eligible for local tax credits that are offered as a supplement to the Homeowners Property Tax Credit Program.

REALTORS® support allowing local governments to modify the current income limitations that exist and that would expand eligibility among homeowners to take advantage of the financial incentives offered by supplementary tax credits.

Recently, Maryland REALTORS® conducted a State of Housing 2023 poll among registered voters. Results from this survey found that three-quarters of Maryland voters feel that the costs to purchase a home in Maryland is too high and 62% of those employed full time are still unable to make enough to afford a home. Additionally, almost 30% of registered voters would consider relocating to another state due to the high housing costs in Maryland.

HB 404 would allow local governments to further assist homeowners who are struggling with rising costs of housing and inflation and incentivize their residents from relocating to another state.

REALTORS® respectfully ask for your support of House Bill 404.

**For more information contact
lisa.may@mdrealtor.org or christa.mcgee@mdrealtor.org**

HB0404 Crossover.docx.pdf

Uploaded by: Director Michael Higgs

Position: FAV

WES MOORE
Governor

ARUNA MILLER
Lt. Governor



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HEARING DATE: March 30, 2023

BILL: HB0404

TITLE: Property Tax - Local Homeowners' Credit Supplement - Limitation on Combined Gross Income

SDAT POSITION: SUPPORT

HB0404 is enabling legislation that permits any County and Municipality, or the City of Baltimore, to provide a local supplement to the Homeowners' Property Tax Credit to homeowners whose combined gross income exceeds \$60,000.

The Department supports the package of bills that Delegate Feldmark has created to support targeted tax relief to homeowners.

For these reasons, SDAT strongly urges a favorable vote on HB0404.

BaltimoreCounty_FAV_HB0404.pdf

Uploaded by: Joshua Greenberg

Position: FAV



JOHN A. OLSZEWSKI, JR.
County Executive

JENNIFER AIOSA
Director of Government Affairs

AMANDA KONTZ CARR
Legislative Officer

JOSHUA M. GREENBERG
Associate Director of Government Affairs

BILL NO.: **HB 404**

TITLE: Property Tax - Local Homeowners' Credit Supplement -
Limitation on Combined Gross Income

SPONSOR: Delegate Feldmark

COMMITTEE: Ways and Means

POSITION: **SUPPORT**

DATE: March 28, 2023

Baltimore County **SUPPORTS** House Bill 404 – Property Tax - Local Homeowners' Credit Supplement - Limitation on Combined Gross Income. This legislation would enable local jurisdictions to alter limitations on the combined gross income of a homeowner for the purposes of a local supplement to the homeowners' property tax credit.

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. The County expressed concerns to this legislation's sponsor, and is pleased to see the bill amended to authorize Counties to supplement the State Homeowner's property tax credit. This will allow local jurisdictions to make sure applicants with the greatest need receive this vital credit despite exceeding the State income threshold. The County thanks the sponsor for incorporating these amendments.

Accordingly, Baltimore County requests a **FAVORABLE** report on HB 404. For more information, please contact Jenn Aiosa, Director of Government Affairs at jaiosa@baltimorecountymd.gov.

HB0404-BT_MACo_SUP.pdf

Uploaded by: Kevin Kinnally

Position: FAV



House Bill 404

*Property Tax – Local Homeowners' Credit Supplement –
Limitation on Combined Gross Income*

MACo Position: **SUPPORTS**

To: Budget and Taxation Committee

Date: March 30, 2023

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** HB 404 as amended. The bill grants additional flexibility for local governments to provide tax relief to residents who need assistance but do not qualify for the State homeowners' property tax credit.

MACo generally supports legislation that provides broad authority to enact tax incentives for revitalization and tax relief purposes, and welcomes the opportunity to work with state policymakers to develop flexible and optional tools to create broad or targeted tax incentives. Counties prefer the approach offered by HB 404 as it provides local autonomy to determine the best way to provide these incentives, rather than those that mandate reductions in local revenue sources.

This bill authorizes counties and municipal corporations to alter a certain limitation on the combined gross income of a homeowner for purposes of a local supplement to the homeowners' property tax credit. This will allow each jurisdiction that chooses to enact the credit to tailor it to their specific community needs. Additionally, it gives each county broad discretion to determine how much revenue it is willing to forego to provide the desirable benefits enabled by the bill.

To that end, MACo supports this bill as a wise approach to facilitating access to support services at the time when it is most helpful. HB 404 ensures local governments have flexibility in enacting local policies designed to serve and react to community needs.

For these reasons, MACo urges the Committee to issue a **FAVORABLE** report on HB 404.

March 30_HB 404_Habitat_Chesapeake.pdf

Uploaded by: Mike Posko

Position: FAV

**Testimony
HB 404
Budget and Taxation Committee
March 30, 2023
Position: FAVORABLE**

Dear Chair Guzzone and Members of the Budget and Taxation Committee:

For 40 years, Habitat for Humanity of the Chesapeake has been a catalyst for moving low-income families out of poverty toward more prosperous, stable futures through affordable homeownership. By bringing people together to build homes, communities, and inspire hope, we settled 789 families into energy-efficient, affordable homes with zero-interest mortgages. This positively impacted the lives of more than 3,000 partner family members (more than half of whom are children), involved more than 1,200 volunteers annually and impacted hundreds of other community residents who benefit from safer, more vital communities as homeownership rates increase.

We aim to give our homebuyers the tools for long-term success, with our program inclusion of an extensive, fifty-hour long homeowner education curriculum. Budgeting is key in our classes with homebuyers, as is an emphasis on applying for homeowner tax credits in every tax season. We send a newsletter to all of our homebuyers each winter that includes the reminder to apply for the credit and provide ongoing support for our homeowners to ensure their complete applications.

We have found that our reminder to apply for the credit are a welcome gesture. For a span of years, we served as a VITA site with the CASH Campaign of Maryland for tax preparation for our homeowners, and any community members who fit the income limits free tax prep. In our time, we served several thousand taxpayers with this service, and saw that some people applying through CASH had no knowledge of the tax benefits available to them.

The provision in HB 404 for qualified homeowners to apply for the Homeowner Property Tax Credit regardless of their income would be a huge step forward in supporting homeowners suffering adverse circumstances.

In our experience, many of our lowest income earners rely on the receipt of the Homeowner's Property Tax Credit annually to ensure the continued affordability of their home. We have also

found property tax increases to be the primary reason provided when a homeowner falls behind on their mortgage payments. Ensuring the easiest avenue possible to reapply is key.

Additionally, we recommend further analysis on the inclusion of total household income in the calculation of the tax credit, overall. We would ask that income consideration be made to focus on the owner of record, or only focus on total household income if certain conditions are met. At present, even the common occurrence of an adult child going to live at home with their parent(s) can mean an inclusion of income that, while not large enough to make a difference in the household, is just enough to exceed the income cap of \$60,000, rendering the credit impossible for use by a single head of household, lower-income applicant.

We respectfully request a favorable report for HB 404.

Sincerely,



Mike Posko
Chief Executive Officer