Takoma Park 2024 - SB 342 FAV - Tax Credit Homeown

Uploaded by: Cindy Dyballa

Position: FAV

CITY TAKOMA OF PARK
MARYLAND

<u>Support Senate Bill 342</u> - Tax Credit Homeowners and Renters - Income Calculation
Senate Budget & Tax Committee
January 24, 2024

The City of Takoma Park supports and urges favorable consideration of this bill.

The City of Takoma Park is a densely developed, largely residential municipality of almost 18,000 people living within 2.4 square miles in Montgomery County. According to the U.S. Census, approximately 13.6 percent of the City's residents were 65 years of age or older. Moreover, half of the City's residents are renters, and the other half are homeowners. With the rising property values in the area, it is important that the City supports relief efforts to enable its residents, renters and homeowners alike, to age in place.

This bill supports this effort by aligning both low-income property tax relief and credit programs for renters and for homeowners, on the issue of retirement funds. By aligning the definition of what assets can be excluded from the definition of gross income, it would level the field between homeowners and renters, who pay property taxes through their rent.

This bill would exclude the cash value of qualified retirement savings plans or individual retirement accounts from the definition of "assets" for renters, to align it with the definition of assets for homeowners.

The City of Takoma Park, supports this bill because it advances equity by ensuring equitable access to tax relief for low-income renters. Nationally, Black or African American residents are nearly 10 times less likely to own a home compared to White Americans. The City of Takoma Park is not immune from this disparity.

This bill would assist more low-income renters to stay in our community.

In sum, the City of Takoma Park supports SB 342, and encourages a favorable vote.

City Contact: Cindy Dyballa, Ward 2 City Council Member
cindyd@takomaparkmd.gov

CDN SB342 FAVORABLE.pdf
Uploaded by: Claudia Wilson Randall
Position: FAV

COMMUNITY DEVELOPMENT
NETWORK OF MARYLAND

Testimony SB 342
Budget & Taxation Committee
January 24, 2024
Position: FAVORABLE

Dear Chairman Guzzone & Members of the Budget & Taxation Committee:

The Community Development Network of Maryland (CDN) is the voice for Maryland's community development sector and serves nearly 200 member organizations. CDN—focuses on small affordable housing developers, housing counseling agencies and community-based non-profits across the state of Maryland. The mission of CDN is to promote, strengthen and advocate for the community development sector throughout Maryland's urban, suburban and rural communities. CDN envisions a state in which all communities are thriving and where people of all incomes have abundant opportunities for themselves and their families.

CDN has been part of the ongoing work to reform the process of tax sale in the state since 2016. In 2017, CDN was a lead partner in the Task Force to Study Tax Sales in Maryland. CDN currently serves on the Baltimore City Mayor's Tax Sale Workgroup in Baltimore City.

SB 342 helps homeowners by excluding the cash value of any qualified retirement savings plans or individual retirement accounts from the definition of "assets" for purposes of certain property tax relief provided to certain renters.

Most of the people in the state impacted by tax sale are older, single, African American women living at or below the poverty line. In 2019, the average amount owed was just under $3000. Housing counselors, social service and legal partners have found that though many of their clients are eligible for the Homeowner's Tax Credit Program, few had applied or were aware of the program. For these vulnerable homeowners, the tax sale can strip away generational wealth and housing stability. As assessments have increased, many of the single homeowners are vulnerable to loss of their home to tax sale foreclosure.

Removing the cash value of retirement accounts from the asset calculation could make a significant difference for older adults living on the edge of housing insecurity. In Maryland. older adults who face increased costs of medication, food as well as transportation and other goods and services. For some, this change will help to save generational wealth and help many older adults to remain in their homes and communities.

We urge your favorable report for SB 342.

SB 342_Tax Credits Homeowners and Renters Income
Uploaded by: Destiny Bell
Position: FAV

CORY V. MCCRAY
Legislative District 45
Baltimore City

DEPUTY MAJORITY WHIP

Budget and Taxation Committee
Subcommittees
Chair, Health and Human Services
Vice Chair, Capital Budget

Executive Nominations Committee

Legislative Policy Committee
Joint Committee on Gaming Oversight

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

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Vote Yes to SB342

Renters' Property Tax Credit Program and
Homeowners' Property Tax Credit Program Alignment
Committee:

Dear Chair, Vice Chair, and Respected Members of the Committee,

I am writing to earnestly request your favorable vote on **Senate Bill 342**, which pertains to crucial alterations in the Renters' Property Tax Relief and Homeowners' Property Tax Credit Programs – specifically addressing Gross Income and Assessed Value Limitations.

The Renter's Tax Credit Program, mirroring the Homeowner's Property Tax Credit Program, is instrumental in supporting housing stability for low-income Maryland residents by establishing a cap on property taxes. This initiative provides a tax credit or refund check when property taxes surpass a fixed percentage of an individual's gross income. The method of credit application varies based on factors such as the timing of the application and the individual's homeowner or renter status. Recognizing that renters indirectly contribute to property taxes through rent, both programs are vital in preserving homes for low-income Marylanders.

Presently, the Renter's Tax Credit is computed differently than the homeowner's tax credit, with qualification requirements linked to specific household details. These details include gross income, monthly rent, disability status, age, number of dependents, and utility payments. Unlike the Homeowners Tax Credit Program, the calculation for renters includes assets such as retirement savings plans and individual retirement accounts, affecting the renter's eligibility for the credit.

Senate Bill 342 aims to rectify this discrepancy by excluding the value of retirement savings plans or individual retirement accounts from the definition of "assets" for the purpose of the property tax credit provided to renters. This correction is pivotal in ensuring consistency between the credits offered to renters and homeowners, promoting fairness and equal access to this essential financial relief.

In light of the significant positive impact that **Senate Bill 342** can have on housing stability and affordability for low-income residents in Maryland, we earnestly request your favorable vote for its passage.

Respectfully,

Cory V. McCray
45^{th} District

SDAT_SB0342_Support.pdf
Uploaded by: Director Michael Higgs
Position: FAV

WES MOORE
Governor
ARUNA MILLER
Lt. Governor

MICHAEL HIGGS
Director
MARCUS ALZONA
Deputy Director

Maryland
DEPARTMENT OF ASSESSMENTS AND TAXATION

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

HEARING DATE: January 24, 2024

BILL: SB0342

TITLE: Tax Credits – Homeowners and Renters – Income Calculation

SDAT POSITION: SUPPORT

The Department of Assessments and Taxation supports Senate Bill 342 - Tax Credits – Homeowners and Renters – Income Calculation. This legislation would exclude the value of retirement accounts from the Department's definition of "assets" for the purposes of qualifying for the Renters' Tax Credit.

The Renter's Tax Credit provides vital economic assistance for residents living below the federal poverty line to offset the cost of property taxes which are included in their monthly rent bill. The Department currently does not have a consistent definition for how assets are considered for the purposes of the various tax credit programs it provides. Because the renter's tax credit considers the cash value of qualified retirement accounts to be considered assets, renters are disincentivized from saving for retirement. Furthermore, differing definitions of assets create confusion and have an adverse impact on administrative efficiency.

Senate Bill 342 would exclude the cash value of retirement accounts from the Department's definition of assets for the renter's tax credit program. This bill would expand the renter's tax credit program to include more residents in need, incentivize retirement saving, and secure financial stability for communities in need of short and long-term financial assistance.

Accordingly, the Department requests a **FAVORABLE** report on Senate Bill 342.

SB342_Habitat_Chesapeake_Testimony.pdf
Uploaded by: Leila Kohler-Frueh
Position: FAV

Habitat for Humanity®
of the Chesapeake

Bringing people together to build homes, communities & hope

Testimony
SB 342
Ways and Means Committee
January 23, 2024
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.

Our key services include:

- Home Construction and Rehabilitation
- Homeowner Services
- HabiCorps, Workforce Development
- Financial Literacy Education
- Credit Remediation
- Tax Preparation
- Volunteer Engagement
- Community Engagement
- Community Revitalization
- ReStore, a Social Enterprise

During the next year, Habitat Chesapeake will work on 16 homes, some of them new construction, and rehabilitate properties that stand vacant or abandoned in Baltimore area neighborhoods including Milton-Montford, Sandtown, and Curtis Bay.

We know that homeownership is one of the most effective means for ensuring progress for first-time and first-generation homebuyers. It also provides tremendous benefit for our city and entire state.

Our work to ensure affordability for our homeowners, who fall within the 30-80% AMI for the region. The average household income for one of our buyers is currently around $45,000.

Habitat for Humanity of the Chesapeake • 3741 Commerce Drive, Suite 309 • Baltimore, MD 21227
Phone: 410.366.1250 • Fax: 410.366.1310 • ReStore Donation Line: 410.633.0506 • habitatchesapeake.org

Habitat for Humanity®
of the Chesapeake

Bringing people together to build homes, communities & hope

The way that we achieve an affordable mortgage for our homebuyers relies on our ability to cover two gaps. The first gap between the cost of construction and the appraised value for the home. The second in ensuring affordability by covering any gap that might remain between the appraised value and our homeowner's capacity to pay a mortgage successfully. As a result, payments are limited to 30% of family income through use of second mortgages.

Property taxes are a key line item in establishing a homeowner's affordable monthly mortgage payments. In the face of what has been a hot housing market over the past couple of years with increase tax-burden, fewer and fewer people will have access to wealth-building homeownership designed in part to close the minority homeownership gap.

Because local and state property taxes are a key element in the long-term affordability for our homeowners, the recent uptick in appraisal amounts in neighborhoods where we build has become a critical issue in our ability to serve more families.

For example, we recently had two homes appraised in the Washington Village-Pigtown neighborhood. There we built 42 affordable homes over decades. Recently completed new homes both appraised in the range $250-260,000. These are properties we expected to be value around $165,000.

For one participating homebuyer who was squarely at 50% of AMI, this unexpected, large leap in appraisal value and resulting property tax increase has had a huge impact on affordability. The taxes alone may undermine access for a worthy first-time homebuyer.

All of us who care about the health and wealth of our neighborhoods welcome an increase in home appraisal amounts, of course. However, for those potential low to moderate income homebuyers, taxes alone can mean the difference between being able to purchase a home or not. It is for this reason—making affordable homeownership accessible—that we support SB 342 and the pathway it could provide greater affordability for homeowners at or below the income limit stated in the bill.

This would provide a real means for the State to meet its goal for increasing the number of our citizens who are homeowners, closing the minority homeownership gap, and creating equitable revitalization.

We favor enlarging access to affordable homeownership for low- to moderate-income homebuyers as an essential strategy for equitable revitalization. Such investments will pay great dividends for Baltimore and the State of Maryland. We hope that the Committee will look favorably upon this bill, as it may provide a real solution to some of the consistent problems of attracting, and retaining, ownership within the city.

Sincerely,

Leila Kohler-Frueh

Leila Kohler-Frueh, Director of Community Engagement

Habitat for Humanity of the Chesapeake • 3741 Commerce Drive, Suite 309 • Baltimore, MD 21227
Phone: 410.366.1250 • Fax: 410.366.1310 • ReStore Donation Line: 410.633.0506 • habitatchesapeake.org

SB342TaxCredits.HIPTestimony.01.24.24.pdf
Uploaded by: Mary Hunter
Position: FAV

SB 342: Tax Credits – Homeowners and Renters – Income Calculation: SUPPORT

Testimony of Mary Hunter, Director of Housing Counseling & Services, Housing Initiative Partnership
mhunter@hiphomes.org
Senate Budget & Taxation Committee, January 24, 2024

About HIP

Housing Initiative Partnership, Inc. (HIP) develops innovative affordable housing, revitalizes neighborhoods, and equips people to achieve their housing and financial goals. Our vision is that every person lives in high-quality affordable housing in a thriving community. We maintain offices in Hyattsville in Prince George's County, and in Germantown and Gaithersburg in Montgomery County.

Support for SB 342

Over the past 20 years, HIP's Housing Counseling staff have helped over forty thousand renters and homeowners struggling with housing costs. Many of our clients are among the 20% of renters in our region who are severely housing cost burdened, paying more than half of their household income toward rent.

The Renters and Homeowners Tax Credits are important programs that help households experiencing severe housing cost burden. HIP's Housing Counseling staff always assess our clients for eligibility for these programs and have helped submit thousands of applications. The income limits for both credits are very strict. For example, in 2023, a renter under 60 years of age with a household of 4 could have a household income of no more than $27,750 per year. This is approximately 20% of Area Median Income in Montgomery and Prince George's County.

SB 342 corrects a problematic eligibility criterion in the Renters Tax Credit and brings it into alignment with the Homeowners Tax Credit. Along with specific household income limits, both programs require that applicant's households net worth not exceed $200,000. The Homeowners Tax Credit excludes the household's retirement account savings from the net worth calculation; The Renters Tax Credit does not. This legislation corrects this inconsistency by revising the Renters Tax Credit eligibility criteria to **exclude the value of the applicants' retirements savings plans** from the net worth calculation.

In the rare circumstance where a very low-income rental household has significant retirements savings, it would be counterproductive to require that they withdraw those savings before becoming eligible for the Renters Tax Credit. Such a policy would force a low-income family to pay high early withdrawal penalties, it would jeopardize their ability to achieve financial security in their retirement years, and it serve as a disincentive for households to make contributions to their retirement savings.

The Renters Tax Credit is a crucial benefit that helps low-income households remain stably housed in this difficult and expensive housing market. We strongly encourage Maryland to work to reduce barriers to this assistance by passing SB 342.

SB 342 - FAV - Public Justice Center.pdf
Uploaded by: Matt Hill
Position: FAV

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SB 342 – Tax Credits – Homeowners and Renters – Income Calculation

Hearing before the Senate Budget and Taxation Committee,
January 24, 2024

Position: SUPPORT (FAV)

Public Justice Center (PJC) is a nonprofit public interest law firm that serves over 800 renters and their families each year. We stand with tenants to protect and expand their rights to safe, habitable, affordable, and non-discriminatory housing. PJC seeks the Committee's Favorable report on SB 342.

Excluding retirement savings from eligibility calculations for the renter tax credit will bring crucial economic relief to fixed-income senior citizens. Such lower income seniors live under the constant pressure of limited incomes and rising housing costs. By excluding retirement savings from the asset calculation test, more seniors will be eligible to claim the tax credit and thus more readily able to remain in their homes.

SB 342 is important to older adults facing housing insecurity

In 2020, Maryland had the 8th highest number of renters who were cost-burdened, with 49% paying more than 30% of their income for housing, while many are severely cost-burdened paying more than 50% for a rental. [1]

Older adults are more vulnerable to housing displacement. They may not have secure incomes in retirement or may be on fixed incomes that do not adjust well enough for soaring housing prices.[2] Even for those who are employed, they may be living paycheck to paycheck and even one unexpected bill or illness could create an unstable housing situation. In Maryland in 2018, 280,000 senior households were below the ALICE (Asset-Limited, Income-Restrained,

1 https://conduitstreet.mdcounties.org/2020/08/11/study-roughly-half-of-tenants-in-maryland-rent-burdened/

2 https://justiceinaging.org/why-eviction-hits-older-adults-harder-making-them-vulnerable-to-homelessness/

Employed) threshold, and their housing costs alone were on average $1,129 per month.[3] SB 342 will benefit these elders.

SB 342 will give much needed financial support to Maryland renters during a difficult time of economic recovery. It will continue to help vulnerable seniors through future economic downturns. **Public Justice Center** supports programs that provide senior renters with the means to remain in their homes. We ask that the Committee issue a favorable report on SB 342.

Public Justice Center asks that the Senate Budget and Taxation Committee **issue a report of FAVORABLE on SB 342.** If you have any questions, please contact C. Matthew Hill hillm@publicjustice.org , (410) 625-9409 Ext. 229.

3 https://www.uwcm.org/files/2020ALICEReport_MD_FINAL-7-9-20.pdf

SB342 written testimony tax credit.pdf
Uploaded by: Matthew Losak
Position: FAV

MONTGOMERY COUNTY
RENTERS ALLIANCE, INC.
Building Community...

SB342 - Tax Credits – Homeowners and Renters – Income Calculation

Hearing before the Senate Judicial Proceedings Committee,
January 23, 2024

Position: FAVORABLE

Founded in 2010, the Renters Alliance is the first and only regional nonprofit dedicated exclusively to renter outreach, education, organizing and advocacy.

We thank Senator McCray for his leadership on this issue.

It's long overdue for the state legislature to recognize that renters are also property tax payers and full-time residents of Maryland. SB342 takes into account that rent paid also includes property taxes paid by the landlord, and thus, renters should also be entitled to a measure of tax relief. SB342 will provide renters, who now represent nearly 40% of state residents, a reasonable portion of the tax relief landlords enjoy.

We urge a favorable report.

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01.23 - SB 342 - Tax Credits – Homeowners and Rent
Uploaded by: Robin McKinney
Position: FAV

SB 342 - Tax Credits – Homeowners and Renters – Income Calculation
Budget and Taxation Committee
January 24, 2024
<u>SUPPORT</u>

Chairman Guzzone, Vice-Chair Rosapepe and members of the committee, thank you for the opportunity to submit testimony in support of Senate Bill 342. This bill addresses the definition of assets that are calculated to determine a renter's eligibility for the Renters' Property Relief Tax Program. Specifically, it would exclude the cash value of a qualified retirement savings plan or individual retirement account when determining an individual's net worth.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. **Almost 4,000 of CASH's tax preparation clients earn less than $10,000 annually. More than half earn less than $20,000.**

The Renters' Property Relief Program is instrumental in supporting low-income, elderly, and disabled Marylanders. This program provides financial assistance to eligible individuals and families by paying renters for the "assumed property tax" that they are paying through rent. In order to be eligible for this program, a renter's combined net worth cannot exceed $200,000. Currently, the law includes an individual's retirement account in the calculation of their net worth, which excludes hundreds if not thousands of renters from accessing this program.

SB 342 will ensure that individuals are not excluded from receiving financial assistance due to their planning ahead for retirement. Last year, CASH provided financial education to over 11,000 low-income Marylanders across the state through the CASH Academy. One of CASH Academy's key points to clients is the importance of saving for retirement. Low-income Marylanders should not be penalized for following financial advice to invest in their retirement savings.

According to Prosperity Now's most recent scorecard for Maryland, 20.2% of Maryland households experience income volatility, and 26.7% had difficulty paying for usual household expenses.[1] This shows that at least one fifth of Marylanders struggle to pay for basic expenses, including rent. Maryland ranks 6 for the highest rent costs, averaging $1,732 in rent across the state.[2] Broadening the number of eligible Marylanders for the Renters' Property Relief Tax Program will benefit more vulnerable individuals and households across the state.

<u>Thus, we encourage you to return a favorable report for SB 342.</u>

[1] Prosperity Now: https://scorecard.prosperitynow.org/data-by-location#state/md
[2] Forbes: https://www.forbes.com/advisor/mortgages/cost-of-living-by-state/

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Testimony on SB 342.pdf
Uploaded by: William Steinwedel
Position: FAV

Senate Bill 342
In the Senate Budget and Taxation Committee– Tax Credits – Homeowners and Renters – Income Calculation
Hearing on January 24, 2024
Position: FAVORABLE

Maryland Legal Aid (MLA) submits its written and oral testimony on SB 342 in response to a request from Senator McCray.

Maryland Legal Aid (MLA) is the largest non-profit law firm in the State of Maryland and represents low-income homeowners in foreclosure mediations, tax sales, litigation connected to foreclosure, foreclosure matters, and bankruptcies connected to home preservation. MLA also helps many clients to apply for retroactive and current year property tax credits. SB 342 eliminates the cash value of IRA's, 401Ks, and pensions from the asset calculation for the homeowners and renters property tax credit. SB 342 will be favorable to the homeowners and renters that MLA represents and will make more MLA clients eligible for the homeowners and renters property tax credit.

SB 342 will have the effect of a small but consequential change. By eliminating individual retirement plans and pensions from the asset calculation for the homeowners and renters property tax credit, eligible for the homeowners and renters property tax credit. Making more homeowners eligible for these credits will mean that the adverse consequences from non-payment of property taxes will be less likely to occur for more homeowners. Those negative consequences include loss of a home due to tax sale, reverse mortgage foreclosure, or could include loss of homeowners insurance or other negative results. This small change alone will do a great deal to limit the number of homeowners that suffer these adverse consequences.

SB 342 will also bring the homeowners and renters tax credit qualifications more in concert with the state's general view of individual retirement plans and pensions, which is demonstrated by the Maryland exemptions statute codified at Md. Crts. and Jud. Proc. § 11-504. Under the Maryland exemptions statute, individual retirement plans and pensions are exempt from judgment creditors and collection, even if they are worth millions.

Because SB 342 makes more homeowners and renters eligible for the homeowners and renters property tax credit and brings the eligibility for the homeowners and renters property tax credit more in concert with the Maryland Code, MLA urges a favorable report on SB 342. If you need additional information in regards to this bill, please contact William Steinwedel at wsteinwedel@mdlab.org and (410) 951-7643.

/s/William F. Steinwedel
William F. Steinwedel
Supervising Attorney, Foreclosure Legal Assistance Project
Maryland Legal Aid Bureau

Written Testimony SB342.pdf
Uploaded by: Zoe Gallagher
Position: FAV

Testimony to the Senate Budget and Taxation Committee
SB342 - Tax Credits – Homeowners and Renters – Income Calculation
Position: Favorable

January 22, 2024

Sen. Guy Guzzone, Chair
3 West Miller Senate Office Building
Annapolis, Maryland 21401
Cc: Members, Budget and Taxation Committee

Honorable Chair Guzzone and Members of the Committee:

My name is Zoe Gallagher and I am a Policy Associate at Economic Action Maryland (formerly the Maryland Consumer Rights Coalition), a people-centered movement to expand economic rights, housing justice, and community reinvestment for working families, low-income communities, and communities of color. Economic Action Maryland provides direct assistance today while passing legislation and regulations to create systemic change in the future.

As a part of our direct assistance, Economic Action Maryland has been working to spread the word about the Renters' Tax Credit (RTC) program as well as assisting those who are eligible throughout the application process. On the legislative side, Economic Action has been working to make this program more equitable and accessible, specifically for older adults.

Today I am writing to urge you to support SB342, which would exclude qualified retirement savings plans and individual retirement accounts from total calculated assets when determining eligibility for the Renters' Tax Credit program.

Although the RTC is a highly beneficial program, its scope is limited because, in order to qualify for this program, an individual's assets may not exceed $200,000. This means that many older adults are ineligible due to their retirement savings plans. Current policy disproportionately impacts low-income seniors who have diligently saved for their future.

In 2020, Maryland had the 8th highest number of renters who were cost-burdened in the country, with 49% of Marylanders spending more than 30% of their income on housing, while many Marylanders are severely cost-burdened paying more than 50% for a rental. SB342 would increase the number of Maryland residents who are eligible for the renters tax credit program of up to $1000 a year, decreasing this number of cost burdened residents and providing a stepping stool out of poverty for many.

Since then, the dramatic rise in the cost of living has only exacerbated the financial strains put on renters, particularly older adults. As costs continue to rise, older adults should be able to save for their non-working years without exclusion from programs that could bring much needed financial relief.

Passage of SB342 would mean that hard-working families and older adults can continue to save for retirement without fear of exclusion from this beneficial tax credit. It also incentivizes adults who benefit from this tax credit to plan for their future through retirement savings. Excluding these funds from asset tests for benefits aligns with the fundamental purpose of these savings, ensuring they remain available for their intended use when retirees need them the most.

Seniors often face financial challenges due to fixed incomes and rising costs. Excluding retirement savings from asset tests eases financial strain, enabling them to allocate their savings for their intended purpose – retirement security – while still accessing assistance to cover essential expenses.

For these reasons, we support SB342 and ask for a favorable report.

Sincerely,
Zoe Gallagher, Policy Associate

MARYLAND Association of COUNTIES

Senate Bill 342

Tax Credits – Homeowners and Renters – Income Calculation

MACo Position: **SUPPORT WITH AMENDMENTS**

To: Budget and Taxation Committee

Date: January 24, 2024

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** SB 342 **WITH AMENDMENTS**. MACo contends that any state legislation to expand eligibility for existing local-option supplemental tax credits, like this bill, should be subject to the discretion of the local governing body.

As introduced, SB 342 expands eligibility for a state property tax credit for which some local jurisdictions have adopted local supplemental credits. Without clarifying language that this expansion is itself subject to a local option, expanding the breadth of the existing credit may result in a more considerable fiscal loss than counties anticipated when originally enacting supplemental credits.

In general, MACo stands for local self-determination. Counties, led by their elected leaders who are directly accountable within the community, are in the best position to make decisions on local affairs – ranging from land use to budget priorities.

Local-option property tax credits allow counties to enact credits tailored to their specific community needs. Additionally, they give each jurisdiction broad discretion to determine how much revenue it is willing to forego to provide the desirable benefits an optional credit enables.

Counties welcome the opportunity to work with state policymakers to develop flexible and optional tools to implement comprehensive or targeted tax incentives but resist state-mandated changes that preclude local input.

Accordingly, MACo urges the Committee to issue SB 342 a report of **FAVORABLE WITH AMENDMENTS** to grant counties proper flexibility to determine whether expanding an existing local-option supplemental property tax credit is in their best interest.