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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.