



# Altering the Homeowners' and Renters' Tax Credit to Help Older Adults Maintain Financial Security

## Background

The Maryland Homeowners' Tax Credit and Renters' Tax Credit Programs allow eligible recipients to receive up to \$1000 a year to help pay for their rent and living expenses. This program is primarily for elderly adults and permanently disabled people. However, low-income families with dependents that make below a specific threshold can also qualify.

## Problem: Income Eligibility Requirements Prevent Many Older Adults in Need from Qualifying

In order to qualify for the HOTC, an individual's income may not exceed \$60,000, an amount that has not adjusted to accommodate the dramatic rise in the cost of living over the last few years. This means that current law excludes many older adults that are still struggling to make ends meet. In Maryland, the average yearly expenditure for a retired person is nearly \$65,000, a number that will likely rise as costs of living continue to increase. This is \$5,000 over the current income cutoff for HOTC eligibility. In addition to this low eligibility amount, current law includes public assistance cash funds as income. This criteria disqualifies many older adults and households in need from receiving the homeowners' and renters tax credit. Maryland should not exclude those who are already financially vulnerable from a program that is designed to help those in need.

## Problem: Assessed Home Value Eligibility is Not Indicative of Need

Currently, in order to qualify for the HOTC, the assessed property value of one's home must not exceed \$300,000, an amount that has not changed in over 30 years. In 1990, the median price of a home in Maryland was \$115,000, today it is over \$400,000. Many older adults have lived in their homes for decades, so while the assessed value of their homes may have increased, that does not mean their income has increased to accommodate the rise in property taxes.

## Problem: Too Many Marylanders Have to Pay Too Much Rent

In 2020, Maryland had the 8th highest number of renters who were cost-burdened in the country, with 49% paying more than 30% of their income for housing, while many are severely cost-burdened paying more than 50% for a rental. Since then, the COVID-19 pandemic has only exacerbated the financial strains put on renters, particularly older adults. As the cost of living continues 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.

## Solution: HB44/SB343

This bill would raise the income eligibility cutoff for the HOTC from \$60,000 a year to \$70,000 and exclude public assistance cash funds from the definition of gross income for eligibility for the HOTC and RTC. It would also raise the maximum assessed value of a home for HOTC eligibility from \$300,000 to \$450,000 to accommodate the steep increase in Maryland's housing prices over the last 30 years.

### Benefits of this bill:

- Expands access to the Tax Credits, returning \$500-\$1000 to more low-income older adult Homeowners statewide
- The Renters Tax Credit alteration would allow for a significant reduction in the number of cost-burdened renters, with Maryland having the 8th highest number of burdened renters in the country.
- Passage of this law would incentivize applicants to continue to apply for public assistance cash grants, allowing these programs to fulfill their purpose of directly servicing and assisting older adults and low income individuals

