



House Bill 44

Renters' Property Tax Relief and Homeowners' Property Tax Credit Programs – Gross Income and Assessed Value Limitations – Alterations

MACo Position: **SUPPORT**

To: Ways and Means Committee

WITH AMENDMENTS

Date: February 1, 2024

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS HB 44 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, HB 44 expands eligibility for state property tax credits for which many 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 credits may result in a more considerable fiscal loss than counties anticipated when originally enacting supplemental credits.

As introduced, this bill alters the definition of "gross income" to exclude certain public assistance received in a cash grant for purposes of the renters' property tax relief program and the homeowners' property tax credit program. It increases the combined gross income limit used to determine eligibility for the tax credits, and increases – from \$300,000 to \$450,000 – the maximum assessed value of a dwelling on which the homeowners' property tax credit is calculated.

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 HB 44 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.