



House Bill 81

Property Tax Credit - Surviving Spouse of Veteran

MACo Position: **OPPOSE**

To: Budget and Taxation Committee

Date: March 20, 2019

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **OPPOSES** HB 81. This bill would expand—for the third time in as many years—the eligibility for a 2016 property tax credit for specified members of the United States Armed Forces and surviving spouses. MACo is concerned this legislation places a significant administrative and cost burden onto county governments.

Generally, counties appreciate when the General Assembly provides local governments with the option, but not the requirement, to enact tax credits benefitting specific individuals. However, HB 81 further expands the scope of a particular property tax credit that has only recently been granted in certain jurisdictions. Further expanding the reach of this fairly new credit, this much and this soon, raises questions about county authority to limit the credit to the recipients receiving it now. It also creates an expectation that counties may extend the scope of the credit, when the expansion offered under this bill could prove infeasible for any county to administer from a technical or a fiscal standpoint.

Chapter 498 of 2016 authorized local governments to grant, by local law, a property tax credit for a dwelling owned by an individual who is at least 65 years old and has lived in the same dwelling for at least the preceding 40 years. Chapter 184 of 2017 altered the eligibility criteria by specifying that eligible individuals must be members of the uniformed services of the United States as defined by 10 U.S.C. Section 101, the military reserves, or the National Guard. Chapters 309 and 310 of 2018 altered the eligibility criteria once again by adding the surviving spouse of the retired service member as an eligible recipient of the property tax credit.

For the most part, interest in the 2016 tax credit far exceeded initial projections. With more residents making use of the credit than initially anticipated, the impact of the reduction in property tax income under the initial credit is still being explored by county governments. It is clear, however, that they simply could not afford to expand its eligibility at this point in time.

Counties request that they receive more time to administer this credit as-is and analyze its impacts before further expanding the nature and scope of this tax credit. Accordingly, MACo recommends an **UNFAVORABLE** report on HB 81.