



House Bill 1255

Homestead and Homeowners' Property Tax Credits - Access and Eligibility

MACo Position: **SUPPORT**
WITH AMENDMENTS

To: Ways and Means Committee

Date: March 2, 2021

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** HB 1255 **WITH AMENDMENTS**. This bill generally expands eligibility awareness for the Homestead Property Tax Credit and alters the calculation and eligibility of the Homeowners' Property Tax Credit.

MACo has no quarrel with the principle of notifying taxpayers of opportunities for them to take advantage of homeowner tax benefits. However, MACo is concerned with the carryover county fiscal effects of this legislation and would prefer approaches that provide local autonomy to determine the best way to provide tax incentives, rather than those that mandate reductions in local revenue sources.

The Homestead Property Tax Credit acts to essentially cap assessments of owner-occupied residences, so that a resident's property tax burden does not increase too substantially over the prior year. It provides consistency for taxpayers who live in and own their homes. HB 1255 requires the State Department of Assessments and Taxation (SDAT) to design a one-page document concerning eligibility for the Homestead Tax Credit. The document must be included as an addendum to a contract for the sale of real property to anyone who intends to occupy the property as their principal residence.

The Homeowners' Property Tax Credit is a State-reimbursed program that provides credits against state and local real property taxes for homeowners who qualify based on a sliding scale of property tax liability and income. Several counties grant a local supplement to the program, the cost of which is borne by the local government. By altering the computation and eligibility of the program, local supplement programs may be affected – with those jurisdictions opting to create supplemental programs bearing a larger fiscal loss than they had anticipated at the time of their local program adoption.

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. MACo steadfastly guards this local autonomy, and frequently advocates against statewide solutions that mandate county compliance or otherwise override local decision-making.

Counties stand ready to work with state policymakers to develop flexible and optional tools to create broad or targeted tax incentives, but resist state-mandated changes that preclude local input. Accordingly, MACo urges the Committee to issue a **FAVORABLE WITH AMENDMENTS** report on HB 1255.