



Senate Bill 158

Homestead Tax Credit – Eligibility Verification and Application - Extension

MACo Position: **SUPPORT**

To: Ways and Means Committee

Date: March 28, 2013

From: Andrea Mansfield

The Maryland Association of Counties (MACo) **SUPPORTS** SB 158 as amended. This bill would extend the application deadline for the Homestead Property Tax Credit from December 31, 2012 to December 30, 2013.

The Homestead Tax Credit is designed to give tax relief to homeowners by capping the amount of the annual assessment for property tax purposes. The State Homestead Credit caps the increase of the annual assessments at 10%. Local governments have the authority to set the tax cap below the 10% level. To receive the Homestead Credit, the homeowner must use the home or “dwelling” as the principal place of residence and the homeowner must occupy the dwelling for more than 6 months of a 12 month period.

To ensure that the credit was being applied for primary residences only, 2007 legislation Ch.565 Acts of 2007, created a simple application process through the income tax form or other means, to establish a homeowner’s claim of a property as “owner occupied” for purposes of the Homestead Tax Credit program. Until this process was put in place, a substantial number of properties were enjoying this tax credit without actually qualifying under the law, such as rental properties or second homes.

As introduced, SB 158 would have extended this application deadline from December 31, 2012 to June 1, 2013 to give homeowners another 6 months to file applications. However, extending the deadline in this manner would have resulted in counties making mid-year adjustments, mailing reinstatement notices and possibly refunding taxes that had already been paid for thousands of homeowners.

As amended, the bill would extend the deadline to December 30, 2013, giving homeowners an additional full year to file applications and eliminate the administrative complexities associated with making changes in tax credit status mid-year. MACo would urge the Committee to issue a **FAVORABLE** report on SB 158 as amended.