



## Senate Bill 572

### *Homestead Tax Credit – Eligibility – Definition of Legal Interest*

MACo Position: **SUPPORT WITH AMENDMENTS**

Date: February 19, 2014

To: Budget and Taxation Committee

From: Andrea Mansfield

The Maryland Association of Counties (MACo) **SUPPORTS SB 572 WITH AMENDMENTS**. This bill would expand eligibility for receiving the Homestead Property Tax Credit to include a settlor, grantor, or beneficiary of a trust under certain conditions. The bill would also allow an unusual seven-year refund period.

Last session, MACo expressed concerns with similar legislation because in the bill's original form, it would have substantially expanded the meaning of "homeowner" for Homestead Property Tax Credit purposes. To address these concerns, the bill was amended to include the language that is now in SB 572. For a settler, grantor, or beneficiary of a trust to receive a Homestead Tax Credit, the person serving in this capacity must not pay rent or other remuneration to reside in the property and legal title to the dwelling must be held in the name of the trust or in the names of the trustees. MACo believes this language appropriately narrows the focus of the bill.

However, allowing these homeowners to retroactively apply for a tax credit to the 2007 tax year, significantly increases the timeframe in which refunds may be sought for State and local taxes. Under current law, property tax refunds may be sought for no more than three years. MACo believes this is a reasonable timeframe and a justification does not exist for an expansion. The Committee struck this language from the bill last year and we would again request that Section 2 be struck from the bill this year.

For this reason, MACo urges the Committee to issue a **FAVORABLE WITH AMENDMENTS** report on SB 572.