



Senate Bill 572

Homestead Tax Credit – Eligibility – Definition of Legal Interest

MACo Position: **SUPPORT**

Date: March 20, 2014

To: Ways and Means Committee

From: Andrea Mansfield

The Maryland Association of Counties (MACo) **SUPPORTS** Senate Bill 572 as amended. 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. As amended, the bill removes an unusual seven-year refund period and allows current statute to govern the timeframe in which a homeowner may retroactively seek a Homestead Property Tax Credit.

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.

As introduced, language in the bill would have also allowed these homeowners to retroactively apply for a tax credit to the 2007 tax year, significantly increasing the timeframe in which refunds may be sought for State and local taxes. The House Committee struck this language from the bill allowing current statute to govern the timeframe in which a property tax refund may be sought. 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.

For this reason, MACo **SUPPORTS** the bill as amended and urges the Committee to issue a **FAVORABLE** report on SB 572.