

**MEMORANDUM**

April 18, 2014

TO: County Council

FROM: Josh Hamlin, Legislative Attorney 

SUBJECT: **Introduction:** Bill 22-14, Property Tax – Rent Reduction Tax Credit

Bill 22-14, Property Tax – Rent Reduction Tax Credit, sponsored by Council Vice President Leventhal and Councilmembers Berliner, Elrich, and Floreen, is scheduled to be introduced on April 22, 2014. A public hearing will be scheduled at a later date.

State law authorizes the County to create a tax credit for a property owner providing reduced rent to any tenant who is at least 65 years old or has been determined to be permanently and totally disabled under various federal acts or by the County health officer. The County is also permitted to provide for additional limitations on eligibility for the credit. Bill 22-14 would allow owners who charge reduced rent to eligible elderly or disabled tenants that is at least 15% below market rent to apply for a credit against their County property tax. The amount of the credit would be 50% of the difference between market rent and the reduced rent. Bill 22-14 would also require the Executive to adopt regulations to administer the credit, including income- and asset-based eligibility requirements for tenants.

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Bill No. 22-14  
Concerning: Property Tax - Rent  
Reduction Tax Credit  
Revised: 04/11/2014 Draft No. 3  
Introduced: April 22, 2014  
Expires: October 22, 2015  
Enacted: \_\_\_\_\_  
Executive: \_\_\_\_\_  
Effective: \_\_\_\_\_  
Sunset Date: \_\_\_\_\_  
Ch. \_\_\_\_\_, Laws of Mont. Co. \_\_\_\_\_

## COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

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By: Council Vice President Leventhal and Councilmembers Berliner, Elrich, and Floreen

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**AN ACT** to:

- (1) create a property tax credit for a property owner providing reduced rent for certain elderly or disabled tenants; and
- (2) generally amend the law relating to property tax credits.

By adding

Montgomery County Code  
Chapter 52, Taxation  
Section 52-18T

<b>Boldface</b>	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

*The County Council for Montgomery County, Maryland approves the following Act:*

1        **Sec. 1. Section 52-18T is added as follows:**

2        **52-18T. Property tax credit – reduced rent for elderly or disabled tenants.**

3        (a) Definitions. In this Section:

4                Director means the Director of Finance or the Director’s designee.

5                Elderly or disabled tenant means a tenant who meets the income- and  
6                asset-based eligibility requirements established by regulation under  
7                subsection (f) and:

8                (1) is at least 65 years old;

9                (2) has been found permanently and totally disabled and has  
10                qualified for benefits under:

11                    (A) the Social Security Act;

12                    (B) the Railroad Retirement Act;

13                    (C) any federal act for members of the United States armed  
14                    forces; or

15                    (D) any federal retirement system; or

16                (3) has been found permanently and totally disabled by the County  
17                health officer.

18                Market rent means an amount, determined by the Department of  
19                Housing and Community Affairs, equal to:

20                (1) the rent charged to other tenants for comparable units in the  
21                same property; or

22                (2) if there are no other comparable units in the same property, the  
23                rent charged for comparable units in the same market area.

24                Reduced rent means rent charged to an elderly or disabled tenant that  
25                is at least 15% less than market rent.

26                Rent reduction means the difference between the market rent and  
27                reduced rent for the dwelling.

28 Tax-Property Article means the Tax-Property Article of the Maryland  
 29 Code.

30 (b) Credit. As authorized by §9-219 of the Tax-Property Article, the  
 31 owner of a rental dwelling who provides reduced rent to an elderly or  
 32 disabled tenant may receive a credit against the County property tax.

33 (c) Amount of Credit.

34 (1) The credit allowed under this Section is 50% of the total rent  
 35 reductions provided by the owner to elderly or disabled tenants  
 36 during the tax year.

37 (2) A credit granted to a person under this Section must not exceed  
 38 the amount of County property tax paid by the person in the tax  
 39 year in which the credit is granted.

40 (d) Annual aggregate limit.

41 (1) Unless a larger amount is approved in the annual operating  
 42 budget or a Council resolution, during any fiscal year, the total  
 43 credits granted under this Section must not exceed \$250,000.

44 (2) Credits must be granted in the order in which the Department of  
 45 Finance receives complete applications under subsection (e).

46 (3) A complete application that, if granted, would cause the limit  
 47 set in paragraph (1) of this subsection to be exceeded, must be  
 48 granted in the next fiscal year or years based on the order in  
 49 which the Department of Finance received the application.

50 (e) Application.

51 (1) A property owner must submit an application to the Director on  
 52 or before the date that the Director sets.

53 (2) An application must:

54 (A) be on the form that the Director requires; and

55 (B) demonstrate that the taxpayer is entitled to the credit.

56 (f) Regulations. The County Executive must adopt regulations under  
57 method (2) to administer this Section, including income- and asset-  
58 based tenant eligibility requirements.

59 (g) Applicability. The credit authorized by this Section applies to any tax  
60 year beginning after June 30, 2014.

61 *Approved:*

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64 \_\_\_\_\_  
Craig L. Rice, President, County Council Date

65 *Approved:*

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68 \_\_\_\_\_  
Isiah Leggett, County Executive Date

69 *This is a correct copy of Council action.*

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72 \_\_\_\_\_  
Linda M. Lauer, Clerk of the Council Date

## LEGISLATIVE REQUEST REPORT

Bill 22-14

*Property Tax – Rent Reduction Tax Credit*

**DESCRIPTION:** Bill 22-14 would allow owners who charge reduced rent to eligible elderly or disabled tenants that is at least 15% below market rent to apply for a credit against their County property tax. The amount of the credit would be 50% of the difference between market rent and the reduced rent.

**PROBLEM:** The County wishes to ensure that affordable housing options are available to elderly and disabled residents.

**GOALS AND OBJECTIVES:** To provide property tax relief to owners who charge reduced rent to eligible elderly or disabled tenants.

**COORDINATION:** Office of Finance

**FISCAL IMPACT:** To be requested.

**ECONOMIC IMPACT:** To be requested.

**EVALUATION:** To be requested.

**EXPERIENCE ELSEWHERE:** To be researched.

**SOURCE OF INFORMATION:** Josh Hamlin, 240-777-7892

**APPLICATION WITHIN MUNICIPALITIES:** Tax credit applies Countywide.

**PENALTIES:** Not applicable.



1 of 1 DOCUMENT

Annotated Code of Maryland  
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\*\*\* Statutes current through Chapter 1 of the 2014 General Assembly Regular Session \*\*\*  
\*\*\* Annotations current through December 7, 2013 \*\*\*

TAX - PROPERTY  
TITLE 9. PROPERTY TAX CREDITS AND PROPERTY TAX RELIEF  
SUBTITLE 2. STATEWIDE OPTIONAL

**GO TO MARYLAND STATUTES ARCHIVE DIRECTORY**

*Md. TAX-PROPERTY Code Ann. § 9-219 (2014)*

§ 9-219. Rental dwellings providing reduced rents for elderly or disabled tenants

(a) Qualifications for credit. -- The Mayor and City Council of Baltimore City or the governing body of a county or of a municipal corporation may grant, by law, a property tax credit against the county or municipal corporation property tax imposed on rental dwellings of owners who provide reduced rents for any tenant who:

- (1) is at least 65 years old;
- (2) has been found permanently and totally disabled and has qualified for benefits under:
  - (i) the Social Security Act;
  - (ii) the Railroad Retirement Act;
  - (iii) any federal act for members of the United States armed forces; or
  - (iv) any federal retirement system; or

(3) has been found permanently and totally disabled by a county health officer or the Baltimore City Commissioner of Health.

(b) Eligibility; amount and duration; implementation. -- The county or municipal corporation may provide, by law, for:

- (1) the specific requirements for eligibility for a tax credit authorized under this section;
- (2) additional limitations on eligibility for the credit;

Md. TAX-PROPERTY Code Ann. § 9-219

(3) the amount and duration of the credit; and

(4) any other provision appropriate to implement the credit.

**HISTORY:** 1991, ch. 415; 1995, ch. 3, § 1.

**NOTES:**

**LexisNexis 50 State Surveys, Legislation & Regulations**

Archaeological and Historic Sites