AGENDA ITEM #4
April 29, 2014
Public Hearing

MEMORANDUM

April 24, 2014

TO: County Council

FROM: Josh Hamlin, Legislative Attorney

SUBJECT: **Public Hearing:** Bill 17-14, Property Tax Credit – Senior Citizens of Limited Income

Bill 17-14, Property Tax Credit – Senior Citizens of Limited Income, sponsored by Councilmembers Riemer, Andrews, Floreen, Branson, Navarro and Berliner, was introduced on March 4, 2014. A Government Operations and Fiscal Policy Committee worksession will be scheduled at a later date.

Bill 17-14 would double the amount of each year's property tax credit for senior citizens of limited income from 25% to 50% of the State and County Homeowners' Property Tax Credit awarded in that year. The fiscal and economic impact statements were received on March 18, 2014.

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Bill No. 17-14
Concerning: Property Tax Credit – Senior Citizens of Limited Income
Revised: 01/16/2014 Draft No. 1
Introduced: March 4, 2014
Expires: September 4, 2015
Enacted: ____________
Executive: ____________
Effective: ____________
Sunset Date: ____________
Ch. _____, Laws of Mont. Co. ________

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: Councilmembers Riemer, Andrews, Floreen, Branson, Navarro and Berliner

AN ACT to:

(1) increase the amount of the property tax credit for senior citizens of limited income; and
(2) generally amend the County law regarding property tax credits.

By amending
Montgomery County Code
Chapter 52, Taxation
Section 52-11C, Property tax credit – senior citizens of limited income

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

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

Sec 1. Section 52-11C is amended as follows:

52-11C. Property tax credit — senior citizens of limited income.

* * *

(b) For each taxable year, the credit under this Section equals [25%] 50% of the total state and County credit awarded for that tax year under state law and Section 52-11A.

* * *

Sec 2. Effective Date.

The amendment to Section 52-11C in Section 1 of this Act takes effect on July 1, 2014 and applies to any tax year that begins on or after that date.

Approved:

____

Craig L. Rice, President, County Council — Date

Approved:

____

Isiah Leggett, County Executive — Date

This is a correct copy of Council action.

____

Linda M. Lauer, Clerk of the Council — Date

LEGISLATIVE REQUEST REPORT

Bill 17-14
Property Tax Credit – Senior Citizens of Limited Income

DESCRIPTION:	Bill 17-14 would double the amount of each year's property tax credit for senior citizens of limited income from 25% to 50% of the State and County Homeowners' Property Tax Credit awarded in that year.
PROBLEM:	The County wishes to increase financial assistance to residents most in need.
GOALS AND OBJECTIVES:	To provide additional property tax relief to senior citizens of limited income.
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.

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B 17-14

JH
cc
SOF
LL

ROCKVILLE, MARYLAND

MEMORANDUM

March 18, 2014

TO: Craig Rice, President, County Council

FROM: Jennifer A. Hughes, Director, Office of Management and Budget
Joseph F. Beach, Director, Department of Finance

SUBJECT: FEIS for Bill 17-14, Property Tax Credit-Senior Citizens of Limited Income

Please find attached the fiscal and economic impact statements for the above-referenced legislation.

JAH:fz

cc: Bonnie Kirkland, Assistant Chief Administrative Officer
Lisa Austin, Offices of the County Executive
Joy Nurmi, Special Assistant to the County Executive
Patrick Lacefield, Director, Public Information Office
Joseph F. Beach, Director, Department of Finance
Michael Coveyou, Department of Finance
David Platt, Department of Finance
Robert Hagedoorn, Department of Finance
Jedediah Millard, Office of Management and Budget
Blaise DeFazio, Office of Management and Budget
Alex Espinosa, Office of Management and Budget
Felicia Zhang, Office of Management and Budget
Naeem Mia, Office of Management and Budget

Fiscal Impact Statement
Council Bill 17-14, Property Tax Credit – Senior Citizens of Limited Income

1. Legislative Summary

   This legislation would double the amount of each year's property tax credit for senior citizens of limited income from 25 percent to 50 percent of the State and County Homeowners' Property Tax Credit awarded that year.

2. An estimate of changes in County revenues and expenditures regardless of whether the revenues or expenditures are assumed in the recommended or approved budget. Includes source of information, assumptions, and methodologies used.

   Under the current program, the number of recipients was 3,063 in levy year 2012. Finance assumes that the number of recipients will remain the same under the proposed legislation. Also, under the current program, the average credit increased at an average annual rate of 4 percent. Therefore, Finance assumes that the average credit will increase from $179.15 in levy 2012 to $193.88 in levy year 2014 (fiscal year 2015). The total amount for the program, under the current program, would increase from $548,733 to approximately $593,850 by levy year 2014.

   The bill proposes to increases the tax credit from 25 percent or 50 percent thereby doubling the amount of the average credit from $193.88 to $387.76 for each recipient. Therefore, the total amount of the program would be approximately $1,187,700 in levy year 2015.

   Sources of information: Department of Finance and the Department of Finance's *Tax Expenditure Report*, June 2013

3. Revenue and expenditure estimates covering at least the next 6 fiscal years.

   Finance assumes that the number of recipients will effectively remain constant through the next six fiscal years with average annual increases of 4%.

	FY15	**FY16**	**FY17**	**FY18**	**FY19**	**FY20**
Recipients	3068	3100	3100	3100	3100	3100
Average Credit*	193.88	201.64	209.70	218.09	226.81	235.88
Total	**594,824**	**625,069**	**650,072**	**676,075**	**703,118**	**731,242**

*Includes 4% average annual increase

4. An actuarial analysis through the entire amortization period for each bill that would affect retiree pension or group insurance costs.

   N/A

5. Later actions that may affect future revenue and expenditures if the bill authorizes future spending.

   N/A

6. An estimate of the staff time needed to implement the bill.

   The Department of Finance does not anticipate the need for additional staff time needed to implement Bill 17-14.

7. An explanation of how the addition of new staff responsibilities would affect other duties.

   See #6

8. An estimate of costs when an additional appropriation is needed.

   N/A

9. A description of any variable that could affect revenue and cost estimates.

   Variables affecting the cost of this program include the number of recipients and the rate of the match to the County and State Homeowner's Property Tax Credit (25 percent currently, 50 percent proposed by Bill 17-14).

10. Ranges of revenue or expenditures that are uncertain or difficult to project.

    N/A

11. If a bill is likely to have no fiscal impact, why that is the case.

    N/A

12. Other fiscal impacts or comments.

    N/A

13. The following contributed to and concurred with this analysis: (Enter name and department).

    Jedediah Millard – Office of Management and Budget

    Robert Hagedoorn – Department of Finance

Jennifer A. Hughes

Jennifer A. Hughes, Director
Office of Management and Budget

3/18/14
Date

Economic Impact Statement
Bill 17-14, Property Tax Credit – Senior Citizens of Limited Income

Background:

This legislation would double the amount of each year's property tax credit for senior citizens of limited income from 25 percent to 50 percent of the State and County Homeowners' Property Tax Credit awarded that year.

1. The sources of information, assumptions, and methodologies used.

Department of Finance, *Tax Expenditure Report,* June 2013.

The report provides a description and data on the estimated number of recipients of the senior tax credit and the amount of the credit. Based on the latest data for levy year 2012, there were an estimated 3,063 recipients who received a total of $548,733 or $179.15 per recipient. In levy year 2011, the average credit was $173.81 and in levy year 2010, the average credit was $165.40.

2. A description of any variable that could affect the economic impact estimates.

The variables that could affect the economic impact are the number of recipients and the average credit. Under the current program, the number of recipients was 3,063 in levy 2012. Finance assumes that the number of recipients will remain the same under the proposed legislation. Also, under the current program, the average credit increased at an average annual rate of 4 percent. Therefore, Finance assumes that the average credit will increase from $179.15 in levy 2012 to $193.88 in levy year 2014 (fiscal year 2015). The total amount for the program, under the current program, would increase from $548,733 to approximately $593,850 by levy year 2014.

The bill proposes to increase the tax credit from 25 percent or 50 percent thereby doubling the amount of the average credit from $193.88 to $387.76 for each recipient. Therefore, the total amount of the program would be approximately $1,187,700 in levy year 2015.

3. The Bill's positive or negative effect, if any on employment, spending, saving, investment, incomes, and property values in the County.

The bill would have a positive economic effect on senior citizens who are currently eligible for the senior tax credit. Their average annual disposable income would increase from approximately $194 dollars per year to approximately $388 dollars per year. This bill is not assumed to have a material effect on employment, investment, and property values.

Economic Impact Statement
Bill 17-14, Property Tax Credit – Senior Citizens of Limited Income

4. **If a Bill is likely to have no economic impact, why is that the case?**

See #3

5. **The following contributed to and concurred with this analysis**: David Platt and Robert Hagedoorn of the Department of Finance.

Joseph F. Beach, Director
Department of Finance

2/18/14
Date

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