

Senior Property Tax Credits

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OLO Report 2023-9

EXECUTIVE SUMMARY

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This Office of Legislative Oversight (OLO) report responds to the County Council's request to understand how the County could further expand the Property Tax Credit for Elderly Individuals and for Military Retirees, instituted in the County in 2017. This report reviews state enabling legislation to determine the legal options for program expansion available to the Council; provides a preliminary assessment of how these options may affect fiscal costs and demographic characteristics of recipients based on available information; details models from surrounding jurisdictions that have similar senior property tax credit programs; and describes other strategies that state and local governments use to reduce seniors' property taxes.

Current Law, State Enabling Legislation, and Program Changes

The legislative history of the state and Montgomery County's Property Tax for Elderly and Military Retirees shows:

- Changes to state law generally have, both, expanded the program to more homeowners and given local governments in the state more authority to determine their program's conditions.
- Changes to Montgomery County law expanded the program to more homeowners, but not to the full extent authorized under state law. The changes also made the process of applying for the credit less onerous on program participations.

Program Condition	Current County Law	Current State Law
<i>Eligibility Group/ Minimum Age</i>	(a) Elderly (age 65+) (b) Military Retirees (age 65+) (c) Surviving Spouses of Military Retirees (age 65+)	(a) Elderly (age 65+) (b) Military Retirees (age 65+) (c) Surviving Spouses of Military Retirees (age 65+) (d) Disabled Military (e) Surviving Spouses of Disabled Military
<i>Minimum Residency</i>	40 years for Elderly	up to County
<i>Limit on Assessed Value</i>	<ul style="list-style-type: none">• \$700,000 for Elderly• \$550,000 for Military Retirees	up to County
<i>Amount of Tax Relief</i>	20%	up to County
<i>Duration of Tax Relief</i>	7 years	up to County
<i>Application Frequency</i>	Once	up to County
<i>Additional Eligibility Criteria</i>		
<ul style="list-style-type: none">• Income Limit	none	up to County
<ul style="list-style-type: none">• Net Worth Limit	none	up to County

Program Impacts

Two information constraints prevent a thorough assessment of how the options for program expansion would affect fiscal costs and the demographics of recipients. OLO provides a *preliminary* assessment of how options for program expansion may affect fiscal costs and demographic characteristics of recipients based on the Fiscal Impact Statements and Racial Equity and Social Justice (RESJ) Impact Assessments on recent Bills pertaining to the program.

The Fiscal Impact Statements indicate the following options for program expansion (holding all else equal) would **increase the fiscal costs of the program by**:

- Increasing the limit on the assessed values of properties;
- Decreasing the minimum residency requirement; and
- Increasing the duration or amount of the property tax credit.

The RESJ Impact Assessments indicate the following options for program expansion (holding all else equal) would **worsen historic inequities in housing and income in the County by**:

- Increasing the limit on assessed values of properties; and
- Increasing the duration or amount of the property tax credit.

Senior Property Tax Credit Case Studies

OLO reviewed alternative models of senior property tax credit programs from the following surrounding jurisdictions— Howard County, MD; Prince George’s County, MD; Fairfax County, VA; Loudoun County, VA; and Washington, DC. The key findings from the case studies include:

- When each jurisdiction made program changes, elected officials asked finance departments or auditors to model the impacts of different scenarios based on changed parameters (e.g., changes to minimum residency, max. assessed value) and revenue loss limits identified by elected officials.
- Jurisdictions did not have adequate data to determine the racial or ethnic makeup of current or potential beneficiaries of their programs.
- Every jurisdiction has a minimum age requirement of 65 years and older. All other program attributes varied among the jurisdictions studied. The range of variations include:

Attribute	Range
Minimum Residency	0 to 30 years
% of Dwelling Ownership	1% to 100%
Limit on Assessed Value	\$0 to \$899,430
Income Limit*	\$77,000 to \$149,400
Net Worth Limit	\$0 to \$920,000
Maximum Tax Relief	20% to 100%
Maximum Time to Receive Credit	5 years to perpetuity

* For jurisdictions with an income limit

- Of note, Montgomery County's minimum residency requirement is 10 years longer than any other jurisdiction in the case studies.
- Jurisdictions adjust program components to keep revenue loss at a desired level. For example, a jurisdiction might have a low minimum residency requirement with a low cap on assessed maximum value.

Other Senior Property Tax-Reducing Strategies

In addition to the senior property tax reduction strategies reviewed in local case studies, there are other property tax-lesening strategies at state and local levels that may be applied. In most cases, there is state legislation that allows local governments to apply these programs with their own options (within state limits).

Strategy	Description
<i>Volunteering or Work-Off Programs</i>	Incentive seniors who can provide a valuable resource in the community (through the local government or school system) with a property tax credit
<i>Tax Freeze</i>	Reduces the cost of senior property taxes that caps the taxes seniors pay indefinitely, if they still meet eligibility requirements and do not make any improvements to their primary residence
<i>Assessment Freeze</i>	Cap the property assessment value (not amount), so the property taxes will not go up if the assessment does
<i>Exemption</i>	Remove an assessed value from the total assessed value of the principal property, thereby reducing the property tax obligation
<i>State and Local Jurisdiction Combination</i>	Match a property tax credit given by the state if certain requirements are met

OLO Discussion Items

These discussion items are aimed at providing the Council suggestions when choosing when to modify its property tax credit for individuals 65 and above and for military retirees.

1. With the state giving local governments more authority to determine the conditions for the property tax credit, the Council should determine the goal(s) it hopes to achieve if it expands the program (e.g., supporting age in place) and then identify options and specific program conditions to explore.
2. If the Council identifies goal(s), options, and conditions for program expansion, it should ask the Department of Finance to analyze the fiscal impacts of these various scenarios.

For a complete copy of OLO-Report 2023-9, go to:

<https://www.montgomerycountymd.gov/OLO/Reports/CurrentOLOReports.html>

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Introduction

Since July 2017, Montgomery County has offered certain seniors¹ and military retirees a 20-percent property tax credit through the “Property Tax Credit – Individuals 65 and Above and Retired Military Services Members – Amendments.”² The [tax credit](#) reduces the amount of property taxes qualifying homeowners owe to the County. Through this program, the County helps to reduce total annual housing costs for certain senior residents (age 65 and older) and may help some of them remain in their home as they age (i.e., “age in place”³). While property tax credits help seniors economically, they also reduce tax revenue available to support other competing policy goals.

Most states offer [special property tax subsidies](#) for seniors. The demand for these subsidies from state and local governments likely will increase in the future. Across the country, [Census data](#) indicates that older adults are the fastest growing age demographic in the country. While the poverty *rate* for seniors has declined by two-thirds over the last 60 years (mostly during the mid-1960s to late-1970s period), the *total number* of poor adults has [increased](#) with the overall growth of the senior population. Moreover, economic challenges typically increase as seniors get older. According to a [2018 report](#) by Montgomery Planning, incomes decline significantly and the risk of households becoming severely cost burdened increases as senior residents age.

The County Council is interested in exploring how the County could further expand the property tax credit to reach more senior residents. In this report, the Council asked the Office of Legislative Oversight (OLO) to examine state enabling legislation for the tax credit to determine whether or how expansion would be permissible; and to analyze how changing conditions would affect the property tax credit program’s fiscal costs and demographics of recipients.⁴ To this end, this OLO report:

- Reviews state enabling legislation to determine the legal options for program expansion available to the Council;
- Provides a preliminary assessment of how these options may affect fiscal costs and demographics of recipients based on available information;
- Details alternative models from surrounding jurisdictions that have equivalent senior property tax credit programs; and
- Presents other property tax-lessening strategies at state and local levels that may be applied.

¹ This report uses “seniors” and “elderly individuals” interchangeably.

² The program is also referred to as “Property Tax Credit – Individuals 65 and Above and Retired Military Services Members – Amendments.”

³ The CDC [defines](#) “aging in place” as “[t]he ability to live in one’s own home and community safely, independently, and comfortably, regardless of age, income, or ability level.”

⁴ [Project #19: Property Tax Credits for Seniors](#), OLO Work Program Supplement.

The report is organized as follows:

- **Chapter 1 – Background:** reviews state and County legislation to determine how the County Council may expand the program;
- **Chapter 2 – Program Impacts:** summarizes the available information to provide a preliminary assessment of how these options would affect fiscal costs and the demographics of recipients;
- **Chapter 3 – Senior Property Tax Credits Case Studies:** reviews five local case studies from Maryland, Virginia, and the District of Columbia;
- **Chapter 4 – Other Senior Property Tax-Reducing Strategies:** explores other national strategies that may be applied to Montgomery County; and
- **Chapter 5 – Findings and Discussion Items:** summarizes the report’s findings and presents discussion items.

Methodology. Office of Legislative Oversight staff members Blaise DeFazio and Stephen Roblin conducted this study, with assistance from Leslie Rubin and Karen Pecoraro. To prepare this report, OLO gathered information through document reviews, data analysis, and interviews with staff from Howard County (MD), Prince George’s County (MD), Fairfax County (VA), Loudoun County (VA), and Washington, DC. OLO also received guidance and assistance from staff in the Department of Finance and the Office of Management and Budget.

OLO received a great level of cooperation from everyone involved in this study. OLO appreciates the information shared and the insights provided by all who participated. In particular, OLO thanks:

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Chapter 1. Background

Montgomery County has several tax relief programs available to senior residents. These programs include: [property tax credits](#) for seniors who qualify for the State Homeowners Tax Credit or the County Supplement; residential [real property tax deferral](#) for seniors of limited income; [County Supplement](#) to the State Renters' Tax Credit; the [Income Tax Offset Tax Credit](#); and the [County Homestead Tax Credit](#). In addition to these programs, the County offers the Property Tax Credit – Individuals 65 and Above and Retired Military Services Members, the topic of this report.

In this chapter, OLO reviewed the legislative history of the State and Montgomery County's Property Tax for Elderly Individuals and Military Retirees. The state and Montgomery County's property tax programs have undergone significant changes since established in April 2016 and March 2017, respectively. The information in the tables on the next page compare the provisions in the original law to current law. In particular, the following program components have changed:

- **Eligible Groups** – homeowners who have certain common characteristics (i.e., age, civilian-military status) and who meet the requirements to receive the property tax credit;
- **Minimum Age** – minimum age homeowners must be to receive the property tax credit;
- **Minimum Residency** – amount of time homeowners must have owned the property to receive the property tax credit;
- **Limit on Assessed Value** – maximum fair market valuation of a property, as determined by the State's Department of Assessments and Taxation,¹ that is eligible to receive the property tax credit;
- **Duration of Tax Relief** – amount of time a homeowner can receive the property tax credit;
- **Amount of Tax Relief** – percentage of the total property tax the homeowner is exempt from paying; and
- **Application Frequency** – when and how often homeowners must apply to receive the property tax credit.

From the review of the legislative history of the State and Montgomery County's Property Tax for Elderly and Military Retirees, OLO arrives at two general conclusions.

1. Changes to state law generally have both expanded the program to more homeowners and given local governments in the state more authority to determine their program's conditions.
2. Changes to Montgomery County law have made the process of applying for the credit less onerous on program participants. More significantly, changes to the law have expanded the program to

¹ ["A Homeowner's Guide to Property Taxes and Assessments,"](#) Maryland Department of Assessments and Taxation.

Background

more homeowners, but not to the full extent authorized under state law. This chapter identifies several options available to the Council to expand this property tax credit program.

Table 1. Changes in State Law on the Property Tax Credit for Elderly and Military

Program Condition	Initial State Law	Current State Law
<i>Eligibility Group/Minimum Age</i>	(a) Elderly (age 65+) (b) Military Retirees (age 65+)	(a) Elderly (age 65+) (b) Military Retirees (age 65+) (c) Surviving Spouses of Military Retirees (age 65+) (d) Disabled Military (e) Surviving Spouses of Disabled Military
<i>Minimum Residency</i>	40 years for Elderly	local government authority
<i>Limit on Assessed Value</i>	local government authority	local government authority
<i>Amount of Tax Relief</i>	20% max	local government authority
<i>Duration of Tax Relief</i>	up to 5 years	local government authority

Table 2. Changes in Montgomery County Law on the Property Tax Credit for Elderly and Military

Program Condition	Initial County Law	Current County Law
<i>Eligibility Group/Minimum Age</i>	(a) Elderly (age 65+) (b) Military Retirees (age 65+)	(a) Elderly (age 65+) (b) Military Retirees (age 65+) (c) Surviving Spouses of Military Retirees (age 65+)
<i>Minimum Residency</i>	40 years for Elderly	40 years for Elderly
<i>Limit on Assessed Value</i>	\$650,000 for Elderly \$500,000 for Military Retirees	\$700,000 for Elderly \$550,000 for Military Retirees
<i>Amount of Tax Relief</i>	20%	20%
<i>Duration of Tax Relief</i>	5 years	7 years
<i>Application Frequency</i>	Every year	Once

A. Timeline of State and County Legislation

- ❖ **April 2016: State establishes enabling legislation that authorizes local governments to create a property tax credit for elderly and military retirees**

On April 7, 2016, the Maryland General Assembly passed [House Bill 898, Property Tax Credit – Elderly Individuals and Veterans](#). On May 10, 2016, the Governor approved the Bill. It went into effect after June 30, 2016—in tax year 2017.²

The Bill authorized local governments to grant a property tax credit for certain “dwellings,” defined in [Md. Tax-Property Code Ann. §9–258](#) as a house, including the lot or curtilage on which it is erected, that is “used as the principal residence of the homeowner; and [] actually occupied or expected to be actually occupied by the homeowner for more than 6 months of a 12-month period beginning with the date of finality for the taxable year for which the property tax credit under this section is sought.” The Bill established the eligibility groups, minimum age, minimum residency, and the duration and amount of the property tax credit that local governments may grant to homeowners whose properties qualify as dwellings (hereinafter “homeowners”).

In particular, the Bill made eligible the following groups of homeowners:

- Elderly – an individual at least 65 years old and who has lived in the same dwelling for at least 40 years; and/or
- Military Retirees – a retired member of the U.S. Armed Forces who is 65 years old or above.

The property tax credit could not exceed 20% of the County or municipal property tax imposed on the property and could be granted for up to five years. Furthermore, the law granted local governments the authority to establish the following program conditions:

- The maximum assessed value of an eligible dwelling;
- Additional eligibility criteria for the tax credit;
- Regulations and procedures for the application and processing of tax credit requests; and/or
- Any other provision necessary to carry out the tax credit.

² State and County tax years start July 1 and end on June 30 the following year.

❖ **March 2017: Montgomery County creates property tax credit for elderly and military retirees**

On March 7, 2017, the Montgomery County Council enacted [Bill 42-16, Taxation – Property Tax Credit – Elderly Individuals and Veterans](#). It went into effect on July 1, 2017—tax year 2018.

The following groups of homeowners were eligible for property tax credits:

- Elderly – an individual at least 65 years old who has lived in the same dwelling for at least the preceding 40 years, and the dwelling has a maximum assessed value of \$650,000 at the time of first applying.
- Military Retirees – an individual who is at least 65 years old and a retired member of the U.S. Armed Forces, and the dwelling has a maximum assessed value of \$500,000 at the time of first applying.

For both categories, the amount of the credit was 20% of the County property tax imposed on the dwelling. And the credit would be granted for five years.

The law assigned program administration to the Department of Finance. To receive the property tax credit, a property owner was required to submit an application to the Department “on or before April 1 before each tax year that the individual remains eligible for the credit.”

❖ **April 2017: State redefines eligibility for military retirees to broaden access**

On April 6, 2017, the Maryland General Assembly passed [House Bill 1234, Property Tax – Credit for Retired Military Service Members – Eligibility](#). The Act went into effect in tax year 2018.

The Bill expanded eligibility for the property tax credit from retired members of the U.S. Armed Forces to retired members of the “uniformed services”³ of the United States as defined in 10 U.S.C. § 101, the military reserves, or the National Guard.

❖ **June 2017: County redefines eligibility for military retirees**

On June 30, 2018, the Council passed [Expedited Bill 13-17, Taxation – Property Tax Credit for Retired Military Services Members – Eligibility](#). It went into effect in tax year 2018.

³ [10 U.S.C. § 101](#) defines “uniformed services” as “(A) the armed forces; (B) the commissioned corps of the National Oceanic and Atmospheric Administration; and (C) the commissioned corps of the Public Health Service.”

The Bill updated the County's property tax credit to reflect the state's eligibility expansion to include retired members of the U.S. uniformed services, military reserves, or National Guard.

❖ **April 2018: State adds a new eligibility group—surviving spouses of military retirees**

In late March and early April 2018, the Maryland General Assembly passed [House Bill 502](#) and [Senate Bill 429](#), Property Tax Credit – Surviving Spouse of Veteran. They applied to tax year 2019.

The Bills expanded eligibility to include a surviving spouse, who has not remarried, of a retired member of the U.S. uniformed services, military reserves, or National Guard.

❖ **June 2018: County changes application process and adds a new eligibility group—surviving spouses of military retirees**

On June 19, 2018, the Council passed [Expedited Bill 17-18, Property Tax Credit – Elderly Individuals and Retired Military Service Members – Application](#). It went into effect in tax year 2019.

The Bill changed the application process for individuals to receive the property tax credit. It removed the requirement for an individual to reapply for the credit each year. Instead, an individual could apply for the credit in the first year and would automatically receive it for the following four years if they remained eligible. The change applied retroactively so those who missed the April 1, 2018 deadline for the second year of the credit would still receive the credit for the tax year that began on July 1, 2018.

The Bill also implemented the April 2018 changes to state law by broadening eligibility to include non-remarried surviving spouses of retired members of the U.S. uniformed services, military reserves, or National Guard.

❖ **April 2019: State sets minimum age for surviving spouses of military retirees and gives local governments the authority to establish the minimum residency requirement for the elderly**

On April 8, 2019, the Maryland General Assembly passed [Senate Bill 816, Property Tax Credit – Surviving Spouse of Veteran](#). The law went into effect in tax year 2020.

The Bill altered eligibility for the property tax credit by setting a minimum age of 65 for a non-remarried surviving spouse of a retired member of the U.S. uniformed services, military reserves, or National Guard. It allowed a surviving spouse under age 65 to continue to receive the property tax credit if the surviving spouse qualified for and received the property tax credit before June 1, 2019.

On the same day, the Maryland General Assembly passed companion Bills, [House Bill 1339](#) and [Senate Bill 654](#), Property Tax Credit – Elderly Individuals – Eligibility. They went into effect in tax year 2020.

The Bills eliminated the minimum residency requirement, giving local governments authority to establish the minimum number of years a senior must have resided in the same dwelling to receive the credit, not to exceed 40 years.

❖ **July 2019: County sets minimum age for surviving spouses of military retirees**

On July 30, 2019, the Council passed Expedited Bill 21-19, [Property Tax Credit – Elderly Individuals and Retired Military Services Member – Surviving Spouse](#). It went into effect in tax year 2020.

The Bill implemented the April 2019 change to state law that set the minimum qualifying age for non-remarried surviving spouses of military retirees at 65 years old.

❖ **March 2020: State adds new eligibility groups—disabled military members and their surviving spouses**

On March 18, 2020, the Maryland General Assembly passed [Senate Bill 700, Property Tax Credit – Disabled Military Personnel and Surviving Spouses](#). It went into effect in tax year 2021.

The Bill further expanded eligibility for the property tax credit to include certain disabled military members, without setting a minimum age requirement. Eligible individuals can include active duty, retired, or honorably discharged members of the uniformed services of the U.S. Armed Forces, military reserves, or National Guard who have a “service-connected disability.” Local governments are responsible for establishing the criteria that defines service-connected disability. Surviving spouses of the eligible disabled veterans who have not remarried are also eligible for the property tax credit.

❖ **April 2022: State gives local governments the authority to establish the amount and duration of the property tax credit**

On April 11, 2022, the Maryland General Assembly passed [Senate Bill 901, Property Tax – Elderly Individuals and Veterans Tax Credit – Amount and Duration](#). It went into effect in tax year 2023.

The Bill eliminated the limit on the amount of property tax credit of 20% and the five-year limit on eligibility to receive the tax credit. It gave local governments the authority to determine the amount and duration of the property tax credit.

❖ **June 2022: County extends duration of property tax credit**

On June 28, 2022, the Council enacted [Expedited Bill 9-22, Property Tax Credit – Elderly Individuals and Retired Military Services Members – Amendments](#). It went into effect in tax year 2023.

The Bill extended the duration of the property tax credit from five years to seven years.

❖ **March 2023: County modifies eligibility conditions by increasing maximum assessed values of dwellings**

On March 28, 2023, the Council enacted [Bill 1-23, Property Tax Credit – Individuals 65 and Above and Retired Military Services Members – Amendments](#). It went into effect in tax year 2024.

The Bill increased the limit on assessed values of homes qualifying for the property tax credit. For seniors, the threshold for the maximum home value assessments increased from \$650,000 to \$700,000. For military retirees, it increased from \$500,000 to \$550,000.

B. Current Status of State and County Law

State Law

The state's property tax credit program is detailed in [Maryland Tax-Property Code Ann. § 9-258](#). Local governments may authorize the property tax credit for the following groups:

- a) **Elderly** – an individual at least 65 years old;
- b) **Military Retirees** – a retired member of U.S. uniformed services, military reserves, or National Guard who is at least 65 years old;
- c) **Surviving Spouses of Military Retirees** – a surviving spouse of (b) who is at least 65 years old and has not remarried;
- d) **Disabled Military Members** – an active duty, retired, or honorably discharged member of uniformed services, military reserves, or National Guard; and has a service-connected disability; and
- e) **Surviving Spouses of Disabled Military Members** – a surviving spouse of (d) who has not remarried.

Local governments may also set the:

- Amount of the credit;
- Duration of the credit;
- Maximum assessed value of dwelling that is eligible;
- Additional eligibility criteria;
- Regulations and procedures for the application and uniform processing requests for the credit; and/or
- Any other provision necessary to carry out the credit.

State law also grants local governments authority to set eligibility requirements for the following parameters:

- The minimum number of years an individual in eligibility category (a) – an individual who is at least 65 years old – must have resided in same dwelling to receive the credit, not to exceed 40 years.
- The criteria defining “service-connected disability” for an individual in eligibility category (d) – an active duty, retired, or honorably discharged member of uniformed services, military reserves, or National Guard who has a service-connected disability.

As shown in **Table 1** on page 2, changes to state law generally have both expanded the program to more homeowners and given local governments more authority to determine their program’s conditions.

Montgomery County Law

The County's property tax credit program is detailed in [Montgomery County Code § 52-110](#). Currently, an individual is eligible to receive a property tax credit under the following conditions:

- (a) **Elderly** – an individual who is at least 65 years old, has lived in the same dwelling for at least the preceding 40 years, and the maximum assessed value of the dwelling at the time of application for the credit is \$700,000;
- (b) **Military Retirees** – an individual is at least 65 and a retired member of U.S. uniformed services, military reserves, or National Guard, and the maximum assessed value of the dwelling at the time of application for the credit is \$550,000; and
- (c) **Surviving Spouse of Military Retirees** – an individual is at least 65 years old and a non-remarried surviving spouse of (b).

The County has set the tax credit at 20% of the County property tax imposed on the dwelling and has set a duration of seven years that eligible individuals can receive the credit. Currently, an individual is required to only apply for the credit the first year and will automatically receive the credit for the following six years as long as they remain eligible.

As shown in **Table 1** on page 2, changes to Montgomery County law have made the process of applying for the credit less onerous on program participations and have expanded the program to more homeowners, but not to the full extent authorized under state law.

C. Options to Expand Program

Based on current state and County law, the Council has the legal authority to expand the Property Tax Credit for Elderly Individuals and for Military Retirees. The program could be expanded in terms of its:

- Breadth – increasing the number of homeowners eligible to receive the property tax credit, and/or
- Depth – increasing the total amount of property tax relief for current eligible homeowners over the course of the credit.

The Council has three options to expand the breadth of the program:

Option 1: Increase or eliminate the limit on assessed values of properties for elderly individuals and for military retirees. Since the state established the tax credit, local governments have had the authority to set limits on assessed values of qualifying properties. The County first set limits for seniors at \$650,00 and military retirees at \$500,000. In March 2023, the Council increased the limits for both groups by \$50,000. The Council could further increase the limits on assessed values to levels above \$700,000 for seniors and above \$550,00 for military retirees.

Option 2: Decrease or eliminate the minimum residency requirement for elderly individuals. After initially establishing a 40-year minimum residency requirement for elderly individuals, the state gave local governments authority to set this program condition starting in tax year 2020. The Council has maintained a 40-year minimum residency requirement for seniors since the start of its program. The Council could decrease the minimum residency requirement for seniors to less than 40 years. Military retirees, who are not subject to minimum residency requirements, would be unaffected by this change.

Option 3. Expand eligibility to include disabled military members and their surviving spouses. The state expanded eligibility to include these groups starting in tax year 2021. The Council has not followed suit. The Council could expand eligibility to these groups, thereby including all eligible groups identified in state law in the County program.

The Council has two options to expand the depth of the program:

Option 4: Increase the duration of the property tax relief. State law initially set a 5-year limit on the duration of property tax relief then gave local governments the authority to set this program condition starting in tax year 2023. The Council initially limited the property tax credit to five years and increased the limit to seven years in June 2022. The Council could further increase the number of years current eligible individuals may receive property tax relief.

Option 5: Increase the amount of the property tax relief. After initially setting a 20% limit on the amount of property tax relief, the State gave local governments the authority to set this program condition starting in tax year 2023. Since first establishing the program, the Council has provided a 20% property tax credit. The Council could increase the tax credit percentage eligible individuals may receive.

Furthermore, it is worth noting that the Council may modify the program beyond the program conditions examined here.

Option 6: Establish additional eligibility criteria for the property tax credit program.

Since first establishing the program, the state has given local governments the authority to set “additional eligibility criteria.” The Council may take advantage of this broad provision in ways that change the breadth or depth of its program. Examples include setting eligibility limits based on homeowners’ annual income or net worth.

APPLICATION PROCESS

The County's [Department of Finance website](#) has a page called "[Tax Credits for Seniors](#)," which lists the various state and County tax credit programs for elderly residents—including the Property Tax Credit for Elderly Individuals and for Military Retirees.

The [program's page](#) provides information on how to apply to the program and links to the:

- [Application for elderly individuals and military retirees](#), and
- [Application for surviving spouses of military retirees](#).

As shown here, the information requirements for applications differ depending on which eligible group a homeowner falls into.

Information Required on Application

<i>Elderly</i>	<i>Military Retirees</i>	<i>Surviving Spouses</i>
<ul style="list-style-type: none"> ○ Name ○ Birth date ○ Property address ○ Date first lived at address ○ Years since first year not lived in address ○ Account number ○ Phone number ○ Copy of Driver's License OR Certificate of Live Birth ○ Copy of Original Deed ○ If property is titled in the name of a trust, completed Affidavit Re Trust Ownership 	<ul style="list-style-type: none"> ○ Name ○ Birth date ○ Property address ○ Date first lived at address ○ Years since first year not lived in address ○ Account number ○ Phone number ○ Copy of Driver's License OR Certificate of Live Birth ○ Copy of Retired Military I.D. 	<ul style="list-style-type: none"> ○ Name ○ Phone number ○ Property address ○ Deceased's name, date of birth, and date of death ○ Branch of Armed Service deceased retired from ○ Copy of Death Certificate ○ Copy of deceased military retiree's proof (e.g., Form DD-214 or Retired Military I.D.) ○ Copy of Driver's License OR Certificate of Live Birth ○ Copy of the affidavit certifying that surviving spouse did not remarry

Applicants are required to mail completed applications to the Department of Finance.

Chapter 2. Program Impacts

In this chapter, OLO provides a preliminary assessment of how the options available for the Council to expand the Property Tax for Elderly Individuals and Military Retirees may affect fiscal costs and demographics of recipients. This assessment is based on the following sources of information:

- The Fiscal Impact Statements and Racial Equity and Social Justice (RESJ) Impact Statements on Bills 1-23 and 9-22;
- An interview and follow-up correspondence with Department of Finance personnel who helped project the fiscal impacts of these Bills; and
- A review of the models used to project the fiscal impacts.

A. Information Constraints

OLO identified two information constraints that prevent a thorough assessment of how the options for program expansion would affect fiscal costs and the demographics of recipients.

First, modeling the fiscal impacts of the available options would require selecting specific program parameters. For each option, there are a wide range of specifications or “scenarios.” For example, state law allows the County to set the minimum residency requirement anywhere between zero and 40 years. The fiscal impacts of decreasing the County’s 40-year minimum residency requirement (Option 2) would depend on the specific number of years reduced. Reviewing the Department of Finance’s models shows that modeling the scenarios is overly time intensive in the constraints of this report due to analytical challenges, including data limitations and uncertainties.

Instead, OLO recommends the Council first decide on the options and specific program parameters they are interested in and then request the Department of Finance to perform the scenario analyses. As Chapter 4 notes, this recommendation is consistent with the process peer jurisdictions have taken to assess the fiscal impacts of potential changes to their senior property tax credit programs.

The second information constraint pertains to the demographics of recipients. The Department of Finance does not collect data on the demographic characteristics of recipients of the property tax credit. Without program-level demographic data, OLO is unable to *observe* the demographics of current recipients, which would be helpful for understanding how the demographics of recipients would change if the Council expanded the program.

Given these information constraints, OLO provides a preliminary assessment of the fiscal and demographic impacts of certain options for program expansion based on the aforementioned sources of information.

B. Fiscal Impacts

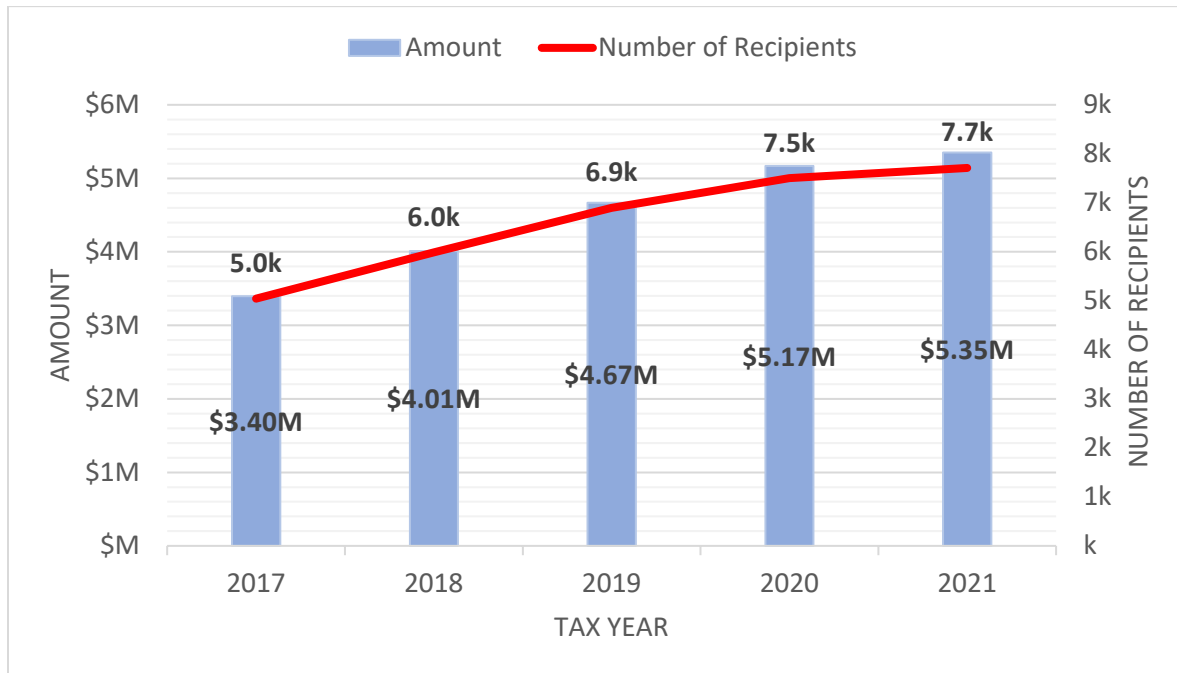
Based on data presented in the Department of Finance's 2022 Tax Expenditure Report, the property tax program resulted in a total tax credit expenditure of approximately \$22.6 million over its first five years. As shown in **Figure 3**, the annual tax credit expenditures increased from \$3.4 in 2017 to \$5.4 million in 2021, as the number of total recipients increased.

According to personnel from the Department of Finance, 90% of the total number of recipients are seniors with veterans accounting for the remainder. Based on this estimate, approximately \$20.3 million in property tax credits has gone to senior recipients and \$2.3 million to veteran recipients.

Any expansion of the property tax credit program would result in the County losing property tax revenue. The question is: What would be the relative magnitude of the lost revenue for the County to expand via the five options? To understand the potential fiscal impacts of certain options for County expansion of the property tax credit program identified above, OLO summarizes fiscal impact statements developed by the Office of Management and Budget (OMB) for recent legislation on the program. The information below summarizes estimated fiscal impacts for options 1, 2, and 4 above.

OLO is unaware of any analyses that would provide insight into the magnitude of the potential fiscal impacts of options 3 and 5 above. As previously stated, OLO recommends the Council identify the options and specific program parameters of interest and request the Department of Finance to perform the fiscal analyses.

Figure 3. Fiscal Impact of Property Tax Credit Program, Tax Years 2017-2021



Source: Department of Finance, [Tax Expenditure Report](#), October 2022

❖ **Option 1: Increase or eliminate the limit on assessed values of properties for elderly individuals and for military retirees.**

In the [Fiscal Impact Statement for Bill 1-23](#),¹ OMB estimated the effect of a \$50,000 increase in the maximum assessed values for eligible groups—from \$650,000 to \$700,000 for elderly individuals and \$500,000 to \$550,000 for veterans—on the amount of property tax credits issued by the County.

OMB predicted the \$50,000 increase in the maximum assessed value would result in:

- A 10% increase in eligible seniors (15-20 individuals) and veterans (1-2 individuals) signing up for this tax credit program; and
- \$318,000 in lost property tax revenue over the next six years and between \$2.5 million and \$3.5 million over the next 20-25 years.

The analysis notes that the “estimate is subject to a higher number if the number of individuals who are eligible and apply is greater than what is in this analysis.”

¹ Pages 22-23 in the hyperlinked Action Staff Report for the Bill.

❖ **Option 2: Decrease or eliminate the minimum residency requirement for elderly individuals.**

In a [Supplemental Analysis for Bill 1-23](#),² OMB estimated the effect of decreasing the required number of years elderly individuals must own a property to receive the property tax credit by 10 years—from 40 years to 30 years—and by 20 years—from 40 years to 20 years—on the amount of credits issued by the County. Because elderly cohorts are roughly equal in size, OMB concludes that the number of eligible households would double from reducing the ownership requirement to 30 years and triple from reducing the requirement to 20 years.

OMB predicted that decreasing the required number of years seniors must own a property to receive the property tax credit by 10 years—from 40 years to 30 years—would increase tax credit expenditures by \$38 million over six years (FY24-29). The County would lose \$63 million in tax revenues over 20 years and \$65 million over 25 years.

OMB predicted decreasing the requirement by 20 years—from 40 years to 20 years—would increase tax credit expenditures by \$75 million over six years (FY24-29). The County would lose \$125 million in tax revenue over 20 years and \$130 million over 25 years.

❖ **Option 3: Increase the duration of the property tax relief.**

In the [Fiscal Impact Statement for Expedited Bill 9-22](#),³ OMB analysts estimated the effect of a 2-year increase in the duration of the property tax credit—from five years to seven years—on the amount of property tax credits issued by the County.

OMB estimated that increasing the duration of the property tax credit from five years to seven years would increase the tax credit by \$12.2 million over six years (FY23-28).⁴

² Pages 24-25 in the hyperlinked Action Staff Report for the Bill.

³ Pages 6-8 in the hyperlinked Action Staff Report for the Bill.

⁴ The analysis notes that the FY23 Recommended Budget already “assumed the tax credit program continuing for all eligible property owners—therefore the impact of the bill for FY23 through FY28 is negligible, regarding the budgeted amounts for each year. The estimated increase in annual tax credit expenditures...declines annually from FY24 to FY27 as a result of the earliest adopters ultimately leaving the program after receiving the additional 2-year extension.”

C. Racial Equity and Social Justice (RESJ) Impacts of Program

Using 2021 Census data from the American Community Survey, the [RESJ Impact Statement for Bill 1-23](#) (see *Appendix A*) pointed out the following, summarized in the data in **Table 4**:

- White and Asian residents of the County are more likely to be homeowners than Black and Latinx residents.
- White residents are overrepresented among County residents 65 years and over.
- White residents are also overrepresented among military veterans in the County.
- White residents are less likely to be cost-burdened (i.e., spend more than 30% of their income on housing costs) than other groups.

**Table 4. Percent of County Population by Race and Ethnicity:
Age, Veteran Status, Home Ownership Status**

Race/Ethnicity	All	Age 18 and Over	Age 65 and Over	Veterans	Home Ownership	Cost-Burdened Households
White	48.8	51.1	63.4	66.8	77.1	22.1
Black	18.4	18.0	13.2	18.7	43.3	28.1
Latinx	19.7	17.8	9.0	8.8	54.3	31.8
Asian	15.2	15.9	15.3	5.9	69.1	30.1
Native American	0.4	0.4	0.4	0.2	*	*
Pacific Islander	0.0	0.0	0.1	0.3	*	*

Source: Table S0103 and S2101, 2021 American Community Survey 5-Year Estimates, Census Bureau.

Based on these data, the RESJ Impact Statements drew the following conclusions for Options 1 and 4 identified above. Original analysis would be needed to assess the RESJ impacts for Options 2 and 3.

❖ **Option 1: Increase or eliminate the limit on assessed values of properties for elderly individuals and for military retirees.**

In the RESJ Impact Statement for Bill 1-23, OLO concluded that increasing the maximum assessed values for eligible groups by \$50,000 would have a negative impact on RESJ in the County. Because White people are overrepresented among seniors and veterans in the County, White homeowners likely would disproportionately benefit from the bill. The report also concludes “a financial benefit that disproportionately benefits White constituents would exacerbate existing racial disparities in cost burden among homeowners, as White homeowners already experience the lowest level of cost burden by race and ethnicity.” However, based on OMB’s conclusions that the bill would extend eligibility for the property tax credit to 15 to 20 senior constituents and one to two military retirees.

❖ Options 2 and 3: Increase the *duration* or *amount* of the property tax credit

In the [RESJ Impact Statement for Expedited Bill 9-22](#) (see *Appendix B*), OLO concluded that extending the duration of the property tax by two years would again have a negative impact on RESJ in the County, as it would primarily benefit White homeowners. The negative impact would occur because “it could re-allocate \$12 million over six years in local funding for programs benefitting all residents to a subset of residents that are disproportionately White and higher income.”

While OLO has not performed a RESJ analysis of increasing the amount of the property tax credit (Option 3), it would likely have a negative RESJ impact for the same reason. Because White residents are overrepresented among seniors and veterans in the County, White homeowners likely would benefit from increasing the amount of the credit.

For a more detailed explanation of RESJ impacts and an overview of the historic and contemporary drivers of inequities in housing and income by race and ethnicity, the RESJ Impact Statements for the bills are included in the Appendix.

Chapter 3. Senior Property Tax Credits Case Studies

OLO selected five local jurisdictions to better understand how other counties administer their senior property tax credit programs. OLO reviewed two counties in Maryland that follow the same state law framework: Howard County (established program since 2017) and Prince George’s County (new program that started in July 2023). Outside of Maryland, OLO reviewed programs in Fairfax County, VA, Loudoun County, VA, and the District of Columbia. This chapter presents the key findings from the review of these jurisdictions. The next table summarizes information from each jurisdiction and from Montgomery County, followed by individual descriptions of information for each jurisdiction.

Key findings from the case studies are as follows:

- When each jurisdiction decided to make changes to their program, jurisdiction representatives said that elected officials directed their respective finance department or auditor to provide scenarios for different changes to minimum residency, assessed value, income, net worth, tax relief percentage, and years to receive the credit. Before creating the scenarios, elected officials decided upon parameters and estimated revenue loss limits they wanted to attain.
- Jurisdictions did not have adequate data to determine the racial or socioeconomic makeup of current or potential beneficiaries of their programs.
- Every jurisdiction has a minimum age requirement of 65 years and older. All other program attributes varied among jurisdictions studied. The range of variations include:

Attribute	Range
Minimum Residency	0 to 30 years
% of Dwelling Ownership	1% to 100%
Limit on Assessed Value	\$0 to \$899,430
Income Limit*	\$77,000 to \$149,400
Net Worth Limit	\$0 to \$920,000
Maximum Tax Relief	20% to 100%
Maximum Time to Receive Credit	5 years to perpetuity

* For jurisdictions with an income limit

- Jurisdictions adjust program components to keep the revenue loss at a desired level. For example, a jurisdiction might have a low minimum residency requirement with a low cap on assessed maximum value.

- Among jurisdictions studied, Montgomery County is the only one with a minimum residency requirement of 40 years; the next closest is 30 years.
- Fairfax County's program has a renter's option for a tax credit, but it has a low income threshold of \$22,000. Fairfax County reported that the awardees that receive it most are those in assisted living.
- Prince George's County and Fairfax County have built in assessment increases in the legislation. Prince George's County increases by the CPI annually and Fairfax County's maximum is 125% of the assessed value mean of all residential properties in the county.
- For Prince George's and Howard counties, if a program participant's home's assessed value increases above \$650,000, they still receive the tax benefit up to the assessed value of \$650,000.
- Three programs required seniors to apply only once (Howard County, Prince George's County, and Washington, DC) while the others require applications annually.
- Prince George's County is the only jurisdiction with no disability (for any age) or military component (65 years old but must have served a certain time in the military). Other jurisdictions have one or the other.
- Fairfax and Loudoun counties have tiered tax relief programs based on income level. For example, a Fairfax program participant with income between \$60,001 and \$70,000 would receive tax credit relief of 75%. If their income is less than \$60,000, they would receive tax credit of relief of 100%.
- Both Fairfax and Washington, DC have deferral options as part of their program.
- Washington DC's requirements and application process are the simplest and most straightforward. District representatives said they were designed this way to make it easier for seniors to understand and to retain as many senior residents in the District as possible given the steadily increasing assessed values of District housing.

Table 5. Comparison of Senior Property Tax Program Components

	Montgomery County, MD	Howard County, MD	Prince George's County, MD	Fairfax County, VA	Loudoun County, VA	Washington, DC
Program Name	Property Tax Credit for Individuals 65 and Above and for Military Retirees	Aging in Place	Elderly Property Tax Credit	Tax Relief for Seniors and People with Disabilities	Real Property Tax Exemption: Elderly and Disabled	Senior Citizen or Disabled Property Owner Tax Relief
Year Implemented	2017	2017	2023	1972	1972	1986
Minimum Age	65 years	65 years	65 years	65 years	65 years	65 years
Minimum Residency	40 years	30 years	10 years	None	Owned on Jan. 1st	Six Months
Percent of Dwelling Ownership	100%	100%	100%	As little as 1%	As little as 1%	50%
Limit on Assessed Value	\$700,000	\$650,000	\$500,000	\$899,430	No	No
Annual Adjustment for Increase in Assessed Value	No	No	Yes	Yes	No	N/A
Income Limit	N/A	N/A	N/A	\$90,000	\$77,000	\$149,400
Net Worth Limit	N/A	N/A	N/A	\$400,000	\$920,000	None
Maximum Amount of Tax Relief	20%	20%	20%	Up to 100%	50% or 100%	50%
Max. Period to Receive the Credit	7 years	8 years	5 years	In perpetuity	In perpetuity	In perpetuity
Number of Times to Apply	Once	Once	Once	Annually	Annually	Once
Number of Program Recipients Per Year	7,300	2,500	Est. 7K to 9K applicants	7,000	2,200	19,000
Revenue Loss	\$5.4M	Est. \$3.6M	Est. \$10 – \$27M	\$30.8M	\$8.1M	\$30M
Legislation in County/City Code	§ 52-110	§ 20.129E	§ 10-235.28	§ 2-14 (1-6)	Chapter 872	§ 47-863
Military Component	Yes	Yes	No	No	No	No
Disabled Component	No	No	No	Yes	Yes	Yes

Note: this is a condensed version of each case studies' attributes. More information for each jurisdiction is with their respective case study.

Howard County, Maryland

Program Name	Aging in Place
Year Implemented	2017
Minimum Age	65 years
Minimum Residency	30 years
Owner-Occupied Percentage	100%
Limit on Assessed Value	\$650,000
Increase to Limit on Assessed Value	None
Income Limit	N/A
Net Worth Limit	N/A
Maximum Amount of Tax Relief	20%
Maximum Period to Receive the Credit	8 years
Number of Times to Apply	Once
Number of Program Recipients Per Year	2,500
Revenue Loss	Estimating \$3.6M
Legislation in County/City Code	Section 20.129E
Military Component	Yes
Disabled Component	No

History: Similar to Montgomery County, this program started in 2017 when the Maryland legislature adopted enabling legislation to provide real property tax credits for seniors.

Recent Changes: To increase the eligibility, Howard County made the following changes for 2023:

	Old	New
Assessed Value	38 years	30 years
Maximum Time Period to Receive Credit	5 years	8 years
Can receive credit with multiple properties	Yes	No

The changes are expected to increase the prior \$2.5M revenue loss by an estimated \$1.3M in 2023. In addition, to ensure that the credit helps more low-income seniors, the County also made a change that if a property owner owns more than one property, they cannot receive the credit. However, residents who entered the program between 2017-22 with multiple properties are grandfathered in.

The final change the County made affects when a property's assessed value increases after initially being eligible. If residents initially meet requirements but their assessed value goes above \$650,000, they can still receive the tax benefit up to the assessed value of \$650,000.

Homestead Tax Credit: Residents are directed to first apply for the Homestead Tax Credit and any other tax credits that may apply before applying for the Aging in Place tax credit.

Senior Tax Credit: Senior property owners are encouraged to see if they qualify for the Senior Tax Credit first before applying to the Aging in Place Tax Credit – the thresholds for the Senior Tax Credit are harder to meet but an owner can receive a greater tax credit because an owner cannot receive a Senior Tax Credit and an Aging in Place credit in the same tax year.¹

According to the [Howard County Tax Credits page](#), the Senior Tax Credit is for homeowners who are at least 65 years old and have a combined household income that does not exceed 500% of the federal poverty guidelines for a household of two (\$98,600 for tax year 2022). The net worth limit is \$500,000 (includes retirement savings plans; does not include principal residence). The amount of credit is up to 25% of the County property tax due after applying the Homestead Credit and other available credits.

For tax year 2022, 639 senior property owners received the credit with a revenue loss of \$504K.

Military Component: The credit also applies to a retired military property owner 65 years or older with at least 20 years of active service (can go to a surviving spouse too). There is no minimum residency requirement.

¹ [2023 Senior Tax Credit Guide to the Application Process](#)

Prince George's County, Maryland

Program Name	Elderly Property Tax Credit
Year Implemented	2023
Minimum Age	65 years
Minimum Residency	10
Owner-Occupied Percentage	100%
Limit on Assessed Value	\$500,000
Increase to Limit on Assessed Value	Annual CPI Increase or 3% (the lesser value)
Income Limit	N/A
Net Worth Limit	N/A
Maximum Amount of Tax Relief	20%
Maximum Period to Receive the Credit	5 years
Number of Times to Apply	Once
Number of Program Recipients Per Year	Estimating 7K to 9K applicants
Revenue Loss	Estimating \$10M to \$27M
Legislation in County/City Code	Section 10-235.28
Military Component	No
Disabled Component	No

Overview: The program began in the 2023 tax year. This program provides a 20% credit on County property taxes, inclusive of the Homeowners' and Homestead credits, meaning that homeowners can receive a combined total 20% annual tax credit from all tax credit programs.

To account for increases to assessed values without requiring legislation to adjust fixed values, the maximum assessed value will increase by the consumer price index (CPI) each year or 3% (whichever is less). Applicants will only have to apply one time. Prince George's County uses connections to SDAT, MVA, and other County IT systems to verify continued eligibility for the following years.

Like Howard County, applicants only need to meet the assessed value criteria in the first year. The tax relief will be based on the upper limit of \$500,000.²

² [Elderly Property Tax Credit Frequently Asked Questions](#)

Fairfax County, Virginia

Program Name	Tax Relief for Seniors and People with Disabilities	
Year Implemented	1972	
Minimum Age	65 years	
Minimum Residency	None	
Owner-Occupied Percentage	As little as 1%	
Limit on Assessed Value	\$899,430 (125% of mean assessed value of all residential County properties as of January 1st of the tax year)	
Increase to Limit on Assessed Value	Will reflect mean of assessed residential property values	
Income Limit	\$90,000	
Net Worth Limit	\$400,000	
Maximum Amount of Tax Relief	Up to 100%	
Maximum Period to Receive the Credit	In perpetuity	
Number of Times to Apply	Annually	
Number of Program Recipients Per Year	7,000	
Revenue Loss	\$30.8M	
Legislation in County/City Code	Section 2-14 (1-6)	
Military Component	No ³	
Disabled Component	Yes	

Overview: The program started in 1972, following the enabling state legislation. Unlike Maryland programs, Fairfax County's program bases eligibility on income and net worth and has stricter [application requirements](#). For example, to calculate net worth the applicants must list out their cash value of assets and provide documents from savings accounts, certificates of deposits, stocks, bonds, etc. Net worth does not include the value of the home, its furnishings, and up to five acres of land the property is on (as long as it cannot be subdivided).

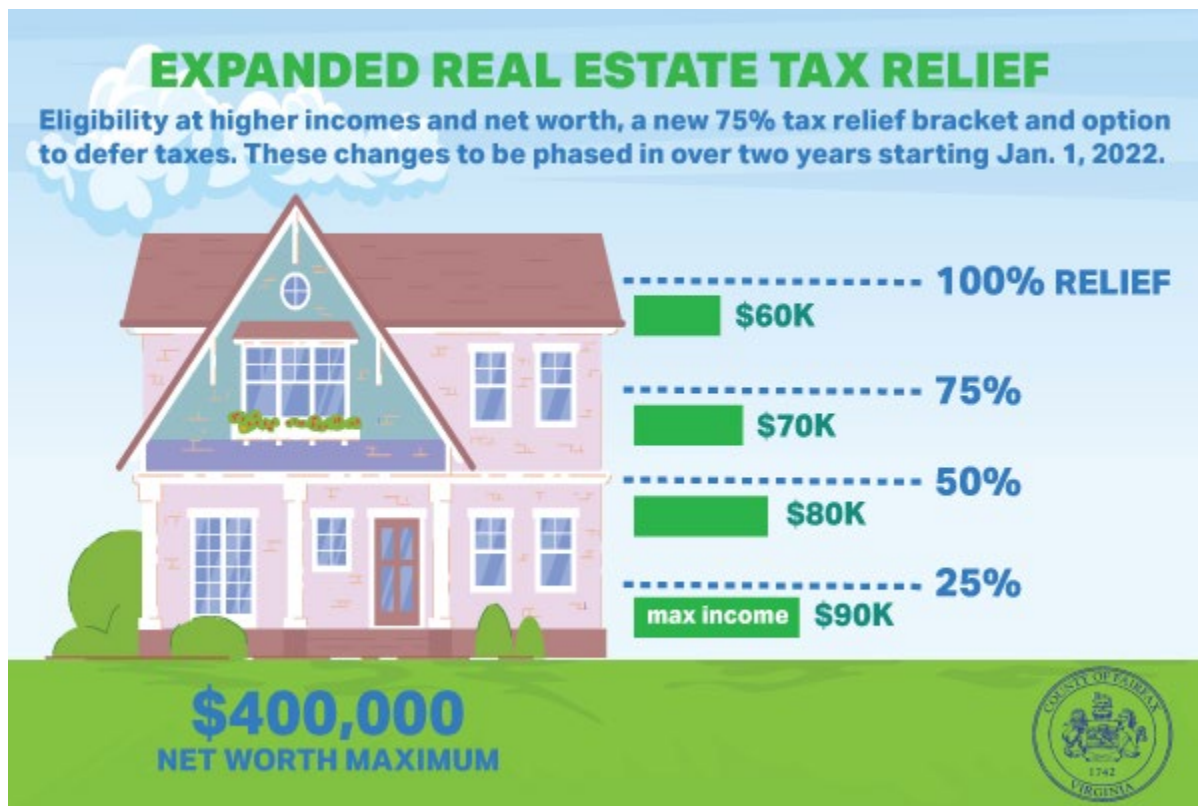
The income calculation includes the property owner's income, their spouse's income, and income of any others living in the home (e.g., children). An applicant who is permanently and totally disabled can exclude \$7,500 from their income and non-owning relatives living in the dwelling can each exclude \$6,500 from their income.

³ The military tax relief is not part of the senior and people with disabilities program, but there is a separate program for [disabled veterans or their surviving spouse](#).

Program applicants reapply every year. The program has a lengthier application and certification process in the first year, with simpler processes in the second and third years. Every fourth year, applicants repeat the lengthier first year application process.

Tiered Relief Program Based on Income: The tax credit percentage is tiered based on income. For example, a property owner earning between \$60,001 and \$70,000 would receive a 75% tax credit. The graphic below shows the different tiers.

Chart 6. Fairfax County Senior and Disabled Real Estate Relief Percentage by Income Level



Renter Component: Resident renters 65 years or older or permanently and totally disabled can receive a tax credit, but the requirements are more stringent than property owners:

- The gross income from the applicant and any relatives in the dwelling may not exceed \$22,000. Similar to the property tax credit, there are allowed deductions for relatives (\$6,500) and permanently and totally disabled (\$7,500).
- Applicants must pay 30% of their gross income towards rent.

- The net worth of the applicant and spouse who reside in the dwelling cannot exceed \$75,000.

Fairfax County's Department of Tax Administration reported that renters who receive this benefit typically live in assisted living facilities and the relief ranges from \$225 to \$575 a year.

Disabled Component: Applicants of any age that are certified as permanently and totally disabled⁴ during the tax year can also receive the property tax credit or the renter's tax credit. Applicants must submit a signed affidavit to confirm their disability.

Vehicle Component: Seniors 65 and older or those permanently and totally disabled can also get personal property tax relief for their vehicle with [similar income and net worth limits as renters](#) (does not apply to the State of Maryland).

Deferral Option: Seniors 65 and older or those permanently disabled can also apply to have their property taxes deferred until the sale of the dwelling, a transfer of the dwelling, or death (must be paid one year after). Applicants do not pay penalties but are subject to an annual, compounding interest rate set by the Wall Street Journal plus 1% each year (not to exceed 8%). While the occupancy and ownership requirements are the same as the property tax credits, requirements regarding land size, income, and net worth differ.

- *Eligibility* – the land size cannot exceed 10 acres and total taxes deferred cannot exceed 10% of the property's assessed value.
- *Income* – the gross income cannot exceed \$100,000. Similar to the property tax credit, there are allowed deductions for relatives (\$6,500) and permanently and totally disabled (\$7,500).
- *Net Worth* – the net worth of the owner(s) and their spouse may not exceed \$500,000 (excluding the home, furnishings, and land).

⁴ [According to the IRS](#), when a person 1) engage in any substantial gainful activity because of a physical or mental condition and 2) A qualified physician determines that the condition has lasted or can be expected to last continuously for at least a year or can be expected to result in death.

Loudoun County, Virginia

Program Name	Real Property Tax Exemption: Elderly and Disabled
Year Implemented	1972
Minimum Age	65 years
Minimum Residency	Must be owned on January 1st of the tax year
Owner-Occupied Percentage	As little as 1%
Limit on Assessed Value	None
Increase to Limit on Assessed Value	None
Income Limit	\$77,000
Net Worth Limit	\$920,000
Maximum Amount of Tax Relief	100%
Maximum Period to Receive the Credit	In perpetuity
Number of Times to Apply	Annually
Number of Program Recipients Per Year	2,200
Revenue Loss	\$8.1M
Legislation in County/City Code	Chapter 872
Military Component	No
Disabled Component	Yes

History: The program started in 1972, following enabling state legislation.

Overview: Similar to Fairfax County, Loudoun County's program requirements are based on income and net worth. Loudoun County's tiered relief only has two tiers - 50% or 100% - and it is based on variable income and net worth levels that favor those who saved more for retirement and who have lower incomes:

Annual Gross Household Income	Total Net Worth	Exemption Percentage
\$0 to \$77,000	Cannot exceed \$440,000	100%
\$0 to \$70,000	\$440,000.01 to \$560,000	50%
\$0 to \$63,000	\$560,000.01 to \$680,000	50%
\$0 to \$56,000	\$680,000.01 to \$800,000	50%
\$0 to \$49,000	\$800,000.01 to \$920,000	50%

The income limit includes both the owner, spouse, and any relatives living in the household. A deduction of \$10,000 to the total household income can be applied for each spouse and any

relative living in the home earning income. If an owner is permanently and totally disabled, 100% of their income, their spouse's income, and their relatives living there can be deducted from the total household income.

The net worth calculation does not include the property and up to 10 acres of land.

Like Fairfax, applicants undergo a [lengthier application process](#) in the first year and every fourth year after.

Senior or Disabled Residents Owning Property with Non-Senior or Disabled Residents:

Loudoun has additional requirements for those seniors over 65 or disabled residents jointly owning property with someone who is not a senior or disabled. All owners' combined incomes cannot exceed \$77,000 and the net worth cannot exceed \$704,421 (increases each year by the CPI). The aforementioned income deductions for spouses, relatives, and disabled residents can also be applied to this situation. The tax relief percentage is based on the applicants' income and net worth.

Disabled Component: Applicants of any age that are certified as permanently and totally disabled during the tax year can also receive the property tax credit and must have a signed affidavit to confirm their disability.

Vehicle Component: Seniors 65 and older or those permanently and totally disabled are also eligible for personal property tax relief for their vehicle.

Washington, District of Columbia

Program Name	Senior Citizen or Disabled Property Owner Tax Relief
Year Implemented	1986
Minimum Age	65 years
Minimum Residency	Six months
Owner-Occupied Percentage	50%
Limit on Assessed Value	No
Increase to Limit on Assessed Value	No, but CPI increase for income
Income Limit	\$149,400
Net Worth Limit	None
Maximum Amount of Tax Relief	50%
Maximum Period to Receive the Credit	In perpetuity
Number of Times to Apply	Once
Number of Program Recipients Per Year	19,000
Revenue Loss	\$30M ⁵
Legislation in County/City Code	Section 47-863
Military Component	No
Disabled Component	Yes

Overview: The District's program started in 1986 and unlike the other programs studied, has no limit on the assessed value of a property. The program also has no net worth limits. The Office of Revenue and Analysis stated that this is because stakeholders know that DC is a high-cost jurisdiction and they want to make program access less onerous for seniors and/or disabled residents living in the city.

Representatives told OLO that a property's assessed value may not reflect an owner's ability to pay – especially for those seniors whose property has increased in value dramatically. They noted that the program does not have a net worth component to simplify processing for DC Government officials.

Unlike counties in Virginia, there is no tiered component for income and its associated tax relief percentage. If the gross income for everyone living in the property is less than \$149,400 and the owner meets all other requirements (including owning 50% of the property), the tax relief is a flat 50%.

⁵ Figure from 2017. DC's Office of Revenue and Analysis (withing the Office of the Chief Financial Officer) will be providing updated figures for 2022 in their upcoming Housing Tax Expenditure Review report. The figure for 2022 will most likely be higher, based on projections.

Similar to Maryland jurisdictions, applicants are asked to apply for the Homestead Deduction and the Assessment Cap Credit (the taxable assessment cannot increase more than 10% per year).⁶ The application is electronic, but property owners can request a [paper application](#). Applicants only have to apply once and data available to the Office of Revenue and Analysis allows it to verify qualification in later years.

Disabled Component: Applicants of any age who are certified as permanently and totally disabled during the tax year can also receive the property tax credit or the renter's tax credit.

Deferral Option: Low-income seniors can [apply](#) to potentially defer current, past due, and prospective taxes at either 6% interest or no interest, based on age, income, and length of residency.⁷ To receive a deferral at 6% the applicant must:

- Live in the District;
- Be 65 years or older;
- Own at least 50% of the property, which is the principal residence; and
- Have a Federal Adjusted Gross Income of less than \$50,000 (all people residing in household).

To receive a 0% interest rate deferral, the applicant must:

- Live in the District;
- Be 75 years or older;
- Been domiciled for the past 25 years in a principal residence; and
- Have household interest and dividend income less than \$12,500.

⁶ [Office of Tax and Revenue's Real Property Tax Relief and Tax Credits](#)

⁷ [Homestead/Senior Citizen Deduction](#)

Chapter 4. Other Senior Property Tax-Reducing Strategies

In addition to the senior property tax reduction strategies reviewed in the local case studies, jurisdictions may have other property tax-lessening strategies available for seniors at the state and local levels. In most cases, state legislation authorizes local governments to develop programs with locally set options (within state limits). This chapter reviews other property tax-alleviating approaches for seniors and is organized as follows:

- A. Volunteering or work-off programs;
- B. Property tax freeze;
- C. Assessment freeze;
- D. Exemption; and
- E. State and local jurisdiction combinations.

A. Volunteering or Work-Off Programs

This type of incentive utilizes seniors who can provide a valuable resource in the community (through the local government or school system) and receive a property tax credit in return. In these “work” programs, local governments employ seniors to perform community work at an hourly rate and instead of receiving a paycheck, seniors receive vouchers they can apply to their property tax bill (or to other bills or charges, e.g., sewer bills).^{1 2} The next table summarizes examples for the program requirements and benefits for towns, cities, and counties for government and school volunteer work.

¹ <https://www.mass.gov/doc/aprilpdf-6/download>

² Ibid.

Table 7. Volunteering Program Requirements and Benefits by Type

Type	State	Jurisdiction	Requirements	Benefits
Government	Massachusetts	Northampton	60 years or older; own property; gross income limit of \$63,840 for individual or \$72,960 for two household members; must complete 100 hours of service	\$15.00/hr. worked; \$1,500 property tax credit for the following fiscal year
		Littleton	60 years or older; own property; pass a criminal record check	\$15.00/hr. worked; up to \$1,500 property tax credit for the following fiscal year
	Colorado	Boulder County	60 years or older; own property and live there as primary residence	\$13.65/hr. worked; up to \$1,000 property tax credit for the following tax year
		Pueblo County	60 years or older or who has a disability; sole or joint owner of a property and must live there as primary residence; background check	Not specified, but said it is first come, first served basis; based on funds available and administered by the Human Resources Department
School	Wisconsin	Greenfield School District	62 years or older; owns property within the school district	\$6.50/hr.; maximum of \$500
		Ripon Area School District	62 years or older; receives social security; owns property within the school district	\$6.50/hr.; maximum of \$500
	Pennsylvania	West Chester Area School District	60 years or older; owns property within the school district	\$8.00/hr.; maximum of \$560; can volunteer beyond 70 hours, but will not receive an additional credit
	Missouri	North Kansas City Schools	62 years or older receives social security; owns property within the school district; specifies needs as a tutor, library assistant, or office support	\$7.00/hr.; maximum of \$546

These programs allow seniors as young as 60 to receive tax credits not typically available until age 65 for other programs. Program requirements vary by state and by local programs within the state. Differences include income requirements, background checks, or hours that must be worked (or you

cannot receive the credit). Pueblo County, CO's program also includes residents with a disability (regardless of age).

B. Tax Freeze

Some property tax relief programs for seniors cap the dollar amount of property tax that seniors pay indefinitely as long as they meet eligibility requirements and do not make any improvements to their primary residence. Program examples are included in the next table.

Table 8. Senior Property Tax Freeze Programs

State	Jurisdiction	Requirements	Benefits
New Jersey	State Program	65 years or older; receive social security benefits; lived in New Jersey since 12/31/11 as a homeowner or a renter; own and live in a home or leases site for a mobile home since 12/31/18; income of \$99,735 or less	Taxes are paid as usual, but the senior will be reimbursed for any property tax increases once in the program.
Tennessee	Knox County	65 years or older; annual income for owner, spouse, and all other owners of the property cannot exceed \$44,940 (set by state comptroller)	Locks in the tax amount due and if the property taxes decrease, the base amount will as well.
Oklahoma	Canadian County	65 years or older; gross annual income cannot exceed \$85,300; must be a valid Homestead Property	Lock in property valuation but does not freeze all taxes. Taxes could increase due to: 1) additional millage or levy; 2) judgment against the County; or 3) voter modifications to assessment percentages.
Texas	Travis County	Those who qualify for an over 65 or disabled homestead exemption	School property taxes will not increase.

C. Assessment Freeze

Assessment freezes cap the property assessment. Taxes due will change if the tax rate changes but the assessed value of the property remains fixed.

Table 9. Assessment Freezes by State and Jurisdiction

State	Jurisdiction	Requirements
Illinois	Cook County	65 years or older; total household annual income of \$65,000 or less; must apply annually; must own or have a legal interest in the property; must be principal residence
Louisiana	Tangipahoa Parish	65 years or older or have a military-service connected disability rating of 50% or greater or permanently disabled; annual income of \$100,000 or less; must apply annually; own the principal property
Arizona	Pinal County	At least one property owner is 65 or older; must be the owner's primary residence for at least nine months; income max of \$43,872 for one owner, \$54,804 for two or more
New Mexico	Sandoval County	65 years or older or disabled; own a single family dwelling; income of \$35,000 or less

D. Exemption

These programs reduce the assessed value of a property by a certain amount, reducing the property tax obligation.

Table 10. Exemptions by State and Jurisdiction

State	Jurisdiction	Requirements	Benefit
New Hampshire	City of Manchester	65 years or older; owns the principal property for at least three years; single person cannot exceed an income of \$41,000 and married couple cannot exceed \$55,000 (includes social security); total assessed cannot exceed \$100,000 for single owner, \$130,000 for married owners	65-74 yrs. old: \$156,000; 75-79 yrs. old: \$210,000; 80 yrs. & up: \$280,000
Alaska	Kodiak Island Borough	65 years or older or a disabled veteran; owns the principal property for at least three years; must qualify for a permanent fund dividend for the current assessment year (investment earning of mineral royalties)	First \$150,000 of assessed value
Kentucky	State Program	65 years or older or totally disabled; must own and occupy principal residence	\$39,300 off assessed value

E. State and Local Jurisdiction Combination

Some local jurisdictions will match a property tax credit given by a state if certain requirements are met. In the Town of Essex, Connecticut, the town will match the state credit up to 100%, doubling the property tax credit for seniors if the annual income is \$22,000 or less.³ The town matched the state property tax credit based on how long a resident has lived in the principal residence plus their age. For example, a 70 year old who has lived in their principal residence for 30 years will receive a 100% match of the state credit (70 yrs. + 30 yrs.).⁴

³ [Does the Town offer any kind of tax assistance to seniors?](#)

⁴ Ibid.

Chapter 5. Findings and Discussion Items

This chapter summarizes the major findings of this report and presents recommendations and discussion items developed by the Office of Legislative Oversight (OLO). This chapter includes two sections:

- Section A. Major Report Findings; and
- Section B. OLO Discussion Items for Council Consideration.

A. Major Report Findings

Chapter 1: Background

Finding #1. OLO reviewed the legislative history of the State and Montgomery County's Property Tax for Elderly and for Military Retirees. The review revealed the nature of changes to State and County law as well as the options available to the County to expand the program.

- Changes to state law generally have, both, expanded the program to more homeowners and given local governments in the state more authority to determine their program's conditions.
- Changes to County law have expanded the program to more homeowners, but not to the full extent authorized under state law. Also, legislative changes have made the process of applying for the credit less onerous on program participations.
- The Council has three options to increase the **program's breadth** (i.e., number of homeowners eligible to receive the property tax credit): increase or eliminate the limit on assessed values of properties for elderly individuals and for military retirees (option 1); decrease or eliminate the minimum residency requirement for elderly individuals (option 2); or expand eligibility to include disabled military members and their surviving spouses (option 3).
- The Council has two options to increase the **program's depth** (i.e., total amount of property tax relief for current eligible homeowners): increase the duration of the property tax relief (option 4); or increase the amount of the property tax relief (option 5).
- The Council may also modify the program beyond program conditions examined in this report by establishing additional eligibility criteria for the property tax credit program.

Chapter 2: Program Impacts

Finding #2. OLO provided a preliminary assessment of how certain options available to the Council to expand the program may affect fiscal costs and the demographics of recipients.

- Given the wide range of potential program specifications and the analytical challenges involved with modeling their fiscal impacts, OLO concluded that the Council should first decide on the options and specific program parameters they are interested in and then request the Department of Finance to perform the scenario analyses.
- Relatedly, the Department of Finance does not collect data on the demographic characteristics of recipients of the property tax credit. Without program-level demographic data, OLO is unable to *observe* the demographics of current recipients, which would be helpful for understanding how the demographics of recipients would change for the options available to the Council to expand the program.
- From OLO’s *preliminary* assessment of the options available to the Council to expand the property tax credit program, OLO anticipates that the fiscal costs could range from minimal to large.
- OLO also anticipates from this assessment that certain options—namely, increasing the limit on assessed values and increasing the duration/amount of property tax relief—would exacerbate the already negative RESJ implications of the property tax credit program.

Chapter 3: Senior Property Tax Credits Case Studies

Finding #3. OLO reviewed five jurisdictions that administer senior property tax credits (Howard County, MD; Prince George’s County, MD; Fairfax County, VA; Loudoun County, VA; and Washington, DC).

Key discoveries from the case studies include:

- When each jurisdiction decided to make changes to their program, jurisdiction representatives reported that elected officials directed their respective finance department or auditor to provide scenarios for different changes to minimum residency, assessed value, income, net worth, tax relief percentage, and years to receive the credit. Before the scenarios were

Findings and Discussion Items

created, elected officials decided upon parameters and estimated revenue loss limits they wanted to attain.

- Due to lack or unavailability of state data, jurisdictions could not determine the racial or socioeconomic makeup of current or potential beneficiaries of their programs.
- The age requirement of 65 years and older is the only consistent attribute from all jurisdictions studied. Variations include:

Attribute	Range
Minimum Residency	0 to 30 years
% of Dwelling Ownership	1% to 100%
Limit on Assessed Value	\$0 to \$899,430
Income Limit*	\$77,000 to \$149,400
Net Worth Limit	\$0 to \$920,000
Maximum Tax Relief	20% to 100%
Maximum Time to Receive Credit	5 years to perpetuity

* For jurisdictions with an income limit

- Jurisdictions adjust program components to keep the revenue loss at a desired level. For example, a jurisdiction might have a low minimum residency requirement with a low cap on assessed maximum value.
- Among the jurisdictions studied, Montgomery County is the only one with a minimum residency requirement of 40 years; the next closest is 30 years.
- Fairfax County's program has a renter's option for a tax credit with a lower income threshold of \$22,000. Fairfax County reported that mostly those in assisted living apply for this credit.
- Prince George's County and Fairfax County included provisions for assessment increases in the legislation. The assessment level in Prince George's County increases by the CPI annually and Fairfax County's maximum is 125% of the assessed value mean from all residential properties in the county.
- For Prince George's and Howard counties, if the assessed value of a program participant's home increases above \$650,000, the resident can receive the tax benefit up to the assessed value of \$650,000.

- Three of the programs require seniors to apply only once (Howard County, Prince George's County, and Washington, DC). The other programs require applications annually.
- Prince George's County's program does not include a component for disabled residents (for any age) or military individuals (65 years old but must have served a certain time in the military). The other jurisdiction's programs include one or the other.
- Fairfax and Loudoun counties have tiered tax relief programs with different percentages of tax relief based on income level.
- Both Fairfax and Washington, DC have deferral options as part of their program that allow deferral of tax payments for some period of time.
- Washington DC designed its program requirements and application process to make it easier for seniors to understand and retain as many senior residents as possible in the District given the continuously increase values of District housing.

Chapter 4: Other Senior Property Tax-Reducing Strategies

Finding #4. Other states have legislation allowing local jurisdictions to implement property tax-reducing strategies that differ from local case studies.

- ❖ **Volunteering or Work-Off Programs** – local governments employ seniors to perform community work at an hourly rate and instead of receiving a paycheck, seniors receive vouchers that they can apply to their property tax bill (or to other bills or charges, e.g., sewer bills).
- ❖ **Tax Freeze** – caps the dollar amount of property tax that seniors pay indefinitely as long as they meet eligibility requirements and do not make any improvements to their primary residence.
- ❖ **Assessment Freeze** – caps the property assessment. Tax due may fluctuate with changing tax rates.
- ❖ **Exemption** – removes an amount from the total assessed value of the principal property, reducing the property tax obligation.
- ❖ **State and Local Jurisdiction Combination** - some local jurisdictions will match a property tax credit given by the state if certain requirements are met.

B. Discussion Items for Council Consideration

These discussion items are aimed at providing the Council suggestions when choosing when to modify its property tax credit for individuals 65 and above and for military retirees.

Discussion Item # 1. With the state giving local governments more authority to determine the conditions for the property tax credit, the Council should determine the goal(s) it hopes to achieve if it expands the program (e.g., supporting age in place) and then identify options and specific program conditions to explore.

Options from the review of state law, case studies, and other property tax-reducing strategies include:

- ❖ **Option 1:** Increase or eliminate the limit on assessed values of properties for elderly individuals and for military retirees.
 - Build in an automatic increase to the assessed value, so legislation is not required as often and the policy keeps pace with the market.
 - Provide credit to those who initially received the credit but were phased out when their assessment in the following years exceeded the maximum assessment value.
 - Provide exemption amounts, reducing the assessed value, thus reducing the property taxes.
- ❖ **Option 2:** Decrease or eliminate the minimum residency requirement for elderly individuals.
 - Reduce the minimum residency requirement from 40 to a lesser value, reflecting the modern trend of homeowners staying in their principal residence 20 years or less.¹
- ❖ **Option 3:** Increase the duration of the property tax relief.
- ❖ **Option 4:** Increase the amount of property tax relief.
 - Freeze taxes or assessments, to prevent seniors from paying larger tax increases when the housing market spikes.
- ❖ **Option 5:** Establish additional eligibility criteria for the property tax credit program.
 - Provide a renter's option, which may address more of the County's Black, Indigenous, and People of Color (BIPOC) population.²

¹ <https://www.nytimes.com/2022/03/24/realestate/where-do-homeowners-stay-in-their-homes-the-longest.html>

² <https://www.montgomerycountymd.gov/OLO/Resources/Files/resjis/2023/Bill1-23.pdf>

- Reduce the owner-occupied percentage to account for family members caring for seniors.
- Include disabled military members and their surviving spouses.
- Adjust the tax relief percentage based on income and/or net worth, providing greater relief for lower income senior households and less to wealthier seniors.
- Add a volunteer component, where seniors can exchange hours worked in government or schools for property tax credit.
- Create a County incentive that matches a credit provided by the state.

Discussion Item # 2. If the Council identifies goal(s), options, and conditions for program expansion, it should ask the Department of Finance to analyze the fiscal impacts of these various scenarios.

Chapter 6. Agency Comments

The Office of Legislative Oversight (OLO) shared the draft of this report with staff from Montgomery County Government. OLO appreciates the time taken by County Government staff to review the draft report and to provide technical feedback. This final report incorporates technical corrections and feedback received from County Government staff.

The written comments received from the Montgomery County Chief Administrative Officer is attached in its entirety on the following pages.



OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

Richard S. Madaleno
Chief Administrative Officer

MEMORANDUM

July 17, 2023

TO: Chris Cihlar, Director
Office of Legislative Oversight

FROM: Richard S. Madaleno, Chief Administrative Officer *BSM*

SUBJECT: Draft OLO Report 2023-9: Senior Property Tax Credits

Thank you for the opportunity to comment on the Office of Legislative Oversight's (OLO) Draft Report 2023-9: Senior Property Tax Credits.

The report is a comprehensive review of the *Individuals 65 and Above and Retired Military Services Members* tax credit. It should be noted that the County also provides an additional Homeowners Tax Credit targeted toward lower income seniors, the *Senior Citizens of Limited Income* tax credit, of which nearly 2,300 Montgomery County homeowners took advantage in Fiscal Year 2022.

The report provides several options for modifying the reviewed tax credit, including the estimated potential budgetary effects of these changes, to the extent that those effects can be analyzed. In addition, the report provides an overview of some neighboring jurisdictions' tax credit programs for their senior populations.

Of primary importance is that the report explains the main data limitations with regard to analyzing the tax credit, and makes clear that the data limitations remain whether the Department of Finance or the Office of Legislative Oversight is analyzing the credit. These limitations mean that it is difficult to (1) know in any way, the social and financial demographics of applicants/recipients; and to (2) ascertain how many homes have been owned and occupied by the owners for a certain length of time.

There is no demographic information available for any property in the assessment or property tax records maintained by the State or County. It is not clear whether that type of data could be

included in the application process as the County may not be allowed under State or Federal law to collect that type of data for this purpose. If the Council wishes to add this type of data to the requirements for applying for the tax credit, we would first request that OCA review and opine on this to ascertain whether the County could require this information from applicants.

In addition, there is no simple way to ascertain whether a parcel has actually been owned and occupied continuously by the current owners as the data available in the assessment and property tax records shows only the name of the owner(s) for each year owned. The primary reason that length of continuous ownership is difficult to establish is that homeowners often change the owner of record to trusts (or they just change names), and the changes they make may or may not have exactly the same name(s) in the official name of the new owner(s). This means that one cannot merely run a program to ask if the same person(s) owned the property for a specified period of time. Therefore, we must estimate how many owners may have changed the ownership name of their property over time, so this process lacks certainty. We know that many homeowners change the names on their property over time from our experience administering the current tax credit.

Under current practice, when presented with an application for the tax credit that has different names for the owner over time, Finance must manually review the land records for the parcel to determine whether the actual ownership has changed or whether just the name and ownership structure has changed. If the latter, then the owners qualify for the current credit, but if the former, then an owner who has not owned for the length of time required by law is not eligible for the current credit.

In Council's review of the tax credit, it would be most efficient and aligned with current practice for Council to decide which specific options and program parameters they would like to consider and ask OLO and Finance to work collaboratively on these potential changes rather than just asking Finance to run unconstrained scenarios. This would allow staff to better understand how the changes affect the recipients of the credits as well as the impact to the County's tax-supported budget.

It should be noted that property tax credits, beginning with the new property tax charter limit adopted in 2020, reduce property tax revenues rather than merely redistributing the burden of property taxes. This means that increasing property tax credits decreases property tax revenues, and any attempt to replace the lost revenue would require a unanimous Council vote.

The draft report includes the following discussion items.

Discussion Item #1: With the State having given local governments more authority to determine the conditions for the property tax credit, the Council should determine the goal(s) it hopes to achieve by expanding the program (e.g., age in place) and then identify the options and specific program conditions they are interested in exploring.

CAO Response: We concur that if the Council wishes to expand this tax credit program, they should identify the options and alternatives that they are interested in exploring.

Discussion Item #2: Once the Council has determined the goal(s), options, and conditions for program expansion, it should request for the Department of Finance to analyze the fiscal impacts of these various scenarios.

CAO Response: Given that the long-standing practice of having executive agencies work with Council staff is efficient and successful, we concur in having the Department of Finance participate with OLO in analyzing the alternatives the Council wishes to explore.

Thank you again for allowing us to review this report. We look forward to working with OLO on this issue.

RM/mc

cc: Fariba Kassiri, Deputy Chief Administrative Officer, Office of the County Executive
Ken Hartman, Director of Strategic Partnerships, Office of the County Executive
Mike Coveyou, Director, Department of Finance

Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

BILL 1-23: PROPERTY TAX CREDIT – ELDERLY INDIVIDUALS AND RETIRED MILITARY SERVICES MEMBERS – AMENDMENTS

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 1-23 will have a minimal, negative impact on racial equity and social justice (RESJ) in the County. Data by race and ethnicity on homeownership rates, and older adult and veteran constituents suggest that White homeowners would disproportionately benefit from the changes proposed by this Bill. Further, a financial benefit that disproportionately benefits White constituents would exacerbate existing racial disparities in cost burden among homeowners, as White homeowners already experience the lowest level of cost burden by race and ethnicity. OLO anticipates the negative RESJ impact of this Bill will be minimal since it is expected to extend eligibility for the property tax credit to a small number of constituents.

PURPOSE OF RESJ IMPACT STATEMENT

The purpose of racial equity and social justice (RESJ) impact statements is to evaluate the anticipated impact of legislation on racial equity and social justice in the County. Racial equity and social justice refer to a **process** that focuses on centering the needs, leadership, and power of communities of color and low-income communities with a **goal** of eliminating racial and social inequities.¹ Achieving racial equity and social justice usually requires seeing, thinking, and working differently to address the racial and social harms that have caused racial and social inequities.²

PURPOSE OF BILL 1-23

A property tax credit reduces a property owner's tax obligation.³ Property tax credits benefit eligible homeowners and can be used by policymakers to encourage beneficial behaviors. Property tax credits also reduce tax revenue available to support other competing "public goods" (i.e., commodities and services that benefit all members of the public).

In 2017, the Council passed Bill 42-16, creating the property tax credit for elderly individuals and retired military services members. Bill 42-16 established a 20 percent property tax credit for five consecutive years, for constituents who are over the age of 65 and/or are veterans and have lived in their homes for at least 40 years. Bill 9-22, enacted in July 2022, extended the property tax credit from a maximum of five years to seven years.

Currently, the following individuals qualify for the property tax credit:

1. An individual that is at least 65 years old; has lived in the same dwelling for at least the preceding 40 years; and the dwelling for which a property tax credit is sought has a maximum assessed value of \$650,000 at the time the individual first applied for the tax credit;
2. The individual is at least 65 years old; the individual is a retired member of the uniformed services of the United States as defined in 10 U.S.C. §101, the military reserves, or the national guard; and the dwelling for which a property tax credit is sought has a maximum assessed value of \$500,000 at the time the individual first applied for the credit;⁴ or

RESJ Impact Statement

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3. The individual is a surviving spouse, who is at least 65 years old and has not remarried, of a retired member of the uniformed services of the United States as defined in 10 U.S.C. §101, the military reserves, or the national guard.

The purpose of Bill 1-23 is to increase home assessment thresholds to qualify for the credit to account for increases in property values over the last few years as they have not been updated since the tax credit was first established in 2017. The threshold for the maximum home value assessments would increase from \$650,000 to \$700,000 for seniors and from \$500,000 to \$550,000 for veterans or their surviving spouse, given they qualify.⁵

Bill 1-23 was introduced by the Council on January 17, 2023.

In June 2022, OLO published a RESJIS for Bill 9-22, Property Tax Credit – Elderly Individuals and Retired Military Services Members – Amendments.⁶ Please refer to this RESJIS for background on homeownership, senior and veteran constituents, and racial equity.

ANTICIPATED RESJ IMPACTS

By increasing the home assessment thresholds, Bill 1-23 could allow more constituents to qualify for the property tax credit for elderly individuals and retired military services members. To consider the anticipated impact of Bill 1-23 on RESJ in the County, OLO recommends the consideration of two related questions:

- Who are the primary beneficiaries of this bill?
- What racial and social inequities could passage of this bill weaken or strengthen?

For the first question, OLO considered the homeownership rate by race and ethnicity and the demographics of older adults and veterans in the County, since these constituents are the most likely to qualify for the property tax credit.

Census data suggests White and Asian constituents are more likely to be homeowners. Whereas 65.7 percent of all households in the County are owner-occupied, 77.1 percent of White households and 69.1 percent of Asian households are owner-occupied. Conversely, 43.3 percent of Black households and 54.3 percent of Latinx households in the County are owner-occupied.^{7,8}

Census data in Table 1 demonstrates White people are overrepresented among County constituents 65 years and over. Whereas 48.8 percent of the County population is White, 63.4 percent of people 65 years and over are White. Black and Latinx constituents are underrepresented among people 65 years and over, while Asian, Native American, and Pacific Islander constituents are proportionately represented.

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Table 1: County Population and Population 65 and Over by Race and Ethnicity, Montgomery County

Race/Ethnicity	Percent of County Population	Percent of County Population 65 and Over
Asian	15.2	15.3
Black	18.4	13.2
Native American	0.4	0.4
Pacific Islander	0.0	0.1
White	48.8	63.4
Latinx	19.7	9.0

Source: Table S0103, 2021 American Community Survey 5-Year Estimates, Census Bureau.

Census data in Table 2 suggests White people are also overrepresented among military veterans in the County. While White people account for 51.1 percent of adults in the County, they account for 66.8 percent of constituents who are veterans. Asian and Latinx people are underrepresented among constituents who are veterans, while Black, Native American, and Pacific Islander people are proportionately represented.

Table 2: County Adult Population and Population of Veterans by Race and Ethnicity, Montgomery County

Race/Ethnicity	Percent of County Population 18 and Over	Population of County Veterans
Asian	15.9	5.9
Black	18.0	18.7
Native American	0.4	0.2
Pacific Islander	0.0	0.3
White	51.1	66.8
Latinx	17.8	8.8

Source: Table S2101, 2021 American Community Survey 5-Year Estimates, Census Bureau.

For the second question, OLO considered how the financial benefit from property tax credits could impact racial disparities in cost burden among constituents, since property tax credits help to reduce housing costs for recipients. Households are considered cost burdened when they spend more than 30 percent of their income on housing costs. In the County, 22.1 percent of White homeowners are cost burdened, compared to 28.1 percent of Black, 30.1 percent of Asian, and 31.8 percent of Latinx homeowners.⁹

Taken together, OLO anticipates Bill 1-23 will have a negative impact on RESJ in the County. Data suggests homeowners in the County are more likely to be White or Asian. Additionally, White people are overrepresented among older adults and veterans in the County. Thus, White homeowners would disproportionately benefit from the changes proposed by this Bill. Further, a financial benefit that disproportionately benefits White constituents would exacerbate existing racial disparities in cost burden among homeowners, as White homeowners already experience the lowest level of cost burden by race and ethnicity. The County's Office of Management and Budget (OMB) estimates increasing home assessment thresholds will extend eligibility for the property tax credit to 15 to 20 older adult constituents and 1 to 2 military retirees.¹⁰ As such, OLO anticipates the negative RESJ impact of this Bill will be minimal.

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RECOMMENDED AMENDMENTS

The Racial Equity and Social Justice Act requires OLO to consider whether recommended amendments to bills aimed at narrowing racial and social inequities are warranted in developing RESJ impact statements.¹¹ OLO finds Bill 1-23 will have a negative impact on RESJ in the County. Should the Council seek to improve the RESJ impact of this Bill through incorporating recommended amendments or introducing companion legislation, the following policy solutions directed towards renters can be considered. Offering benefits to renters could enhance racial equity, as renters, especially Black and Latinx renters, are cost burdened at higher levels than homeowners.¹²

- **Create a renters' tax credit for seniors and veterans.** Adding a renters' tax credit provision could help ensure that all older adults and veterans in the County proportionately benefit from this Bill, regardless of whether they rent or own their homes.¹³
- **Increase funding and expand eligibility for County Rental Assistance Program.** Localities often rely on the federal Housing Choice Voucher (HCV) program – the nation's largest rental assistance program – to provide long-term rental assistance to low-income constituents. The HCV program has been proven to help people with low incomes sustain housing and reduce financial hardship.¹⁴ Current funding for the HCV program falls short of demand, causing long waitlists. In Maryland, applicants to the HCV program wait an average of 43 months, or 3.5 years, to receive a housing voucher.¹⁵

Addressing gaps in the HCV program, localities have developed local rental assistance programs to meet the needs of people with low incomes. One such program in the County is the Rental Assistance Program (RAP), where low-income constituents who are currently experiencing or at risk of homelessness can receive \$100 to \$400 per month for up to 12 months.¹⁶ RAP recipients are able to reapply to the program after 12 months to determine continued eligibility. For fiscal year 2023, the RAP received an allocation of \$7.99 million, an increase from the allocation of \$1.58 million in fiscal year 2022 and \$570,000 in fiscal year 2021.¹⁷

To enhance RESJ among seniors, the Council could consider increasing funding to the RAP and expanding eligibility to include low-income constituents over 65 who are not experiencing or at risk of homelessness. For instance, Arlington County's Housing Grant program covers a portion of monthly rent for low-income constituents, including those who are 65 years and older.¹⁸ While the program prioritizes people experiencing homelessness, low-income constituents not experiencing homelessness are able to qualify depending on funding availability.¹⁹ Participants can re-certify for the program annually as long as they continue to meet eligibility requirements. Arlington County allocated \$14 million to the Housing Grant program in fiscal year 2023.²⁰

- **Increase affordable housing units for seniors.** To advance RESJ among seniors, the Council could consider increasing investments in developments that preserve or produce affordable rental housing for seniors, especially for those with extremely low incomes. In the County, there are approximately 11,000 people 65 years and over living below the poverty level.²¹ Constituents living below the poverty level would likely be considered extremely low income by HUD definitions – or having an income at or below 30 percent of the Area Median Income (AMI).^{22,23} Between Housing Opportunity Commission (HOC) units and subsidized units in private properties, the County currently has 1,092 units that are affordable for seniors at 30 percent of the AMI.^{24,25} Of note, the majority of affordable housing units for seniors in the County are affordable between 40 percent and 80 percent of the AMI (2,211 units).

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CAVEATS

Two caveats to this racial equity and social justice impact statement should be noted. First, predicting the impact of legislation on racial equity and social justice is a challenging, analytical endeavor due to data limitations, uncertainty, and other factors. Second, this RESJ impact statement is intended to inform the legislative process rather than determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

CONTRIBUTIONS

OLO staffer Janmarie Peña, Performance Management and Data Analyst drafted this RESJ impact statement.

¹ Definition of racial equity and social justice adopted from “Applying a Racial Equity Lens into Federal Nutrition Programs” by Marlysa Gamblin, et.al. Bread for the World, and from Racial Equity Tools. <https://www.racialequitytools.org/glossary>

² Ibid

³ “Policy Basics: Tax Exemptions, Deductions, and Credits,” Center on Budget and Policy Priorities, November 2020. <https://www.cbpp.org/research/federal-tax/tax-exemptions-deductions-and-credits>

⁴ 10 U.S.C. §101 - Definitions: <https://www.law.cornell.edu/uscode/text/10/101>

⁵ Introduction Staff Report for Bill 1-23, Property Tax Credit – Elderly Individuals and Retired Military Services Members – Amendments, Montgomery County Council, Montgomery County, Maryland, Introduced January 17, 2023. https://www.montgomerycountymd.gov/council/Resources/Files/agenda/col/2023/20230117/20230117_2A.pdf

⁶ RESJIS for Expedited Bill 9-22, Property Tax Credit – Elderly Individuals and Retired Military Services Members – Amendments, Office of Legislative Oversight, Montgomery County, Maryland, August 22, 2022. <https://montgomerycountymd.gov/OLO/Resources/Files/resjis/2022/BillE9-22.pdf>

⁷ Table S0201, Selected Population Profile in the United States, 2021 American Community Survey 1-Year Estimates, Census Bureau.

⁸ Latinx is an ethnicity rather than a race. Therefore, Latinx people are included in multiple racial groups throughout this impact statement unless where otherwise noted. Estimates for Native American and Pacific Islander constituents not available for all data points presented in impact statement.

⁹ Table S0201, Selected Population Profile in the United States, 2021 American Community Survey 1-Year Estimates, Census Bureau.

¹⁰ Estimate shared by OMB staff during meeting with OLO staff on 1/25/23.

¹¹ Bill 27-19, Administration – Human Rights – Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee – Established, Montgomery County Council

¹² Table S0201, Selected Population Profile in the United States, 2021 American Community Survey 1-Year Estimates, Census Bureau.

¹³ Daniel Teles and Christopher Davis, “Tax Credits for Renters Could Increase Racial and Economic Equity,” The Urban Institute, December 2020. <https://www.urban.org/urban-wire/tax-credits-renters-could-increase-racial-and-economic-equity>

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¹⁹ Page 2 Priority Populations, “Administrative Regulations for Implementing Chapter 44, Housing Grants for Needy Persons,” Arlington County, Virginia, Accessed June 15, 2022.

<https://www.arlingtonva.us/files/sharedassets/public/housing/documents/administrative-regulations-for-implementing-chapter-44-12-2021.pdf>

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²¹ Table S1701: Poverty Status in the Past 12 Months, 2021 American Community Survey 5-Year Estimates, Census Bureau.

²² “How the Census Bureau Measures Poverty,” Census Bureau, November 22, 2021, <https://www.census.gov/topics/income-poverty/poverty/guidance/poverty-measures.html>

²³ “2022 Rent and Income Limits,” Department of Housing and Community Affairs, Montgomery County, Maryland, Accessed June 16, 2022.

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²⁴ “Independent Living,” Housing Opportunities Commission of Montgomery County, Accessed June 16, 2022.

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²⁵ Rental Marketplace Database, Department of Housing and Community Affairs, Montgomery County, MD, Accessed June 16, 2022.

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Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

EXPEDITED BILL 9-22: PROPERTY TAX CREDIT – ELDERLY INDIVIDUALS AND RETIRED MILITARY SERVICES MEMBERS – AMENDMENTS

SUMMARY

The Office of Legislative Oversight (OLO) anticipates that Expedited Bill 9-22 will have a negative impact on racial equity and social justice (RESJ) in the County as the benefits of the Bill will mainly accrue to White homeowners. OLO anticipates a moderate, negative RESJ impact of the Bill, as it could re-allocate \$12 million over six years in local funding for programs benefitting all residents to a subset of residents that are disproportionately White and higher income. OLO offers several recommended amendments for Council consideration aimed at improving the RESJ impact of this bill.

PURPOSE OF RESJ IMPACT STATEMENT

The purpose of racial equity and social justice (RESJ) impact statements is to evaluate the anticipated impact of legislation on racial equity and social justice in the County. Racial equity and social justice refer to a **process** that focuses on centering the needs, leadership, and power of communities of color and low-income communities with a **goal** of eliminating racial and social inequities.¹ Achieving racial equity and social justice usually requires seeing, thinking, and working differently to address the racial and social harms that have caused racial and social inequities.²

PURPOSE OF EXPEDITED BILL 9-22

The purpose of Expedited Bill 9-22 is to extend the duration of the existing property tax credit for older adults and retired military services members from 5 years to 7 years, effective July 1, 2022. The Bill was introduced after the Maryland General Assembly passed a bill during the 2022 session repealing a provision that established the maximum amount of property tax credit and the time period for which an individual is eligible to receive the credit (previously capped at 5 years).³ Expedited Bill 9-22 was introduced on June 14, 2022.

Currently, an individual is eligible to receive the property tax credit for older adults and retired military services members if they meet the following criteria:⁴

- The individual is at least 65 years old; the individual has lived in the same dwelling for at least the preceding 40 years; and the dwelling for which a property tax credit is sought has a maximum assessed value of \$650,000 at the time the individual first applied for the credit;
- The individual is at least 65 years old; the individual is a retired member of the uniformed services of the United States as defined in 10 U.S.C. §101, the military reserves, or the national guard; and the dwelling for which a property tax credit is sought has a maximum assessed value of \$500,000 at the time the individual first applied for the credit; or
- The individual is a surviving spouse of a retired member of the uniformed services of the United States as defined in 10 U.S.C. §101, the military reserves, or the national guard; the surviving spouse is at least 65 years old; and the surviving spouse has not remarried.

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HOMEOWNERSHIP, SENIOR AND VETERAN RESIDENTS, AND RACIAL EQUITY

A property tax credit reduces a property owner's tax obligation; if the credit is refundable, a property owner can receive the difference between the credit and what they owe as a refund.⁵ Property tax credits benefit eligible homeowners and can be used by policymakers to encourage beneficial behaviors. Property tax credits also reduce tax revenue available to support other competing public goods.

Since Bill 9-22 serves to extend a financial benefit to senior and veteran homeowners in the County, this section examines disparities by race and ethnicity on homeownership, as well as among senior and veteran residents to help consider the potential impact of this Bill on racial equity and social justice.

Inequities in Homeownership. As discussed in the RESJ Impact Statement for Bill 39-21, Taxation – Public Safety Officers – Public Safety Emergency Communications Specialists – Property Tax Credit, the possibility of homeownership has been placed out of reach for many families of color due to inequitable housing policies and practices of the past.⁶ Slavery, sharecropping, Jim Crow laws, and the Homestead Act were government policies designed to build wealth among White residents by extracting resources from Black, Indigenous, and Other People of Color (BIPOC). Government policies reinforcing housing segregation continued with the New Deal as the Federal Housing Administration provided government-subsidized financing to White residents and developers to purchase or build homes in White-only enclaves.⁷ While the Fair Housing Act of 1968 eliminated racially explicit segregation in housing, the policies that built the segregated housing market “have never been remedied and their effects endure.”⁸

As a result of inequitable government policies and practices, access to wealth (which individuals often rely on to make a down payment for their home) varies significantly by race and ethnicity.⁹ The racial wealth gap in the Metropolitan Washington Region is sizable: White households had more than 80 times the wealth of Black households and 21 times the wealth of Latinx households in 2014.¹⁰ Residents of color still experience discrimination in the housing market due to predatory lending practices and bias in the real estate market.¹¹ As such, disparities in homeownership by race and ethnicity persist in Montgomery County where:

- 75 percent of White and 73 percent Asian households reside in owner-occupied units, compared to 50 percent of Latinx households and 41 percent of Black households.¹²
- 31 percent of Black and 33 percent of Latinx homeowners were cost-burdened, spending more than 30 percent of their income on housing, compared to 18 percent of White and 26 percent of Asian homeowners.¹³
- The average value of home mortgages carried by White households was \$410,000, compared to \$391,000 for Asian households, \$328,000 for Black households, and \$308,000 for Latinx households.¹⁴

Since White households tend to own more valuable properties, they incur the burden of higher property taxes.¹⁵ In turn, policies that provide property tax credits can disproportionately reduce the taxes paid by White households.¹⁶

Senior Residents. Data in Table 1 demonstrates County residents 65 years and over are disproportionately White. Whereas 51.2 percent of all residents are White, 61.2 percent of residents 65 years and over are White. Black and Latinx residents are underrepresented among older residents 65 years, while Asian residents are proportionately represented.

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Table 1: Percent of All Residents and Residents 65 and Over by Race and Ethnicity, Montgomery County, Maryland

Race/Ethnicity	Percent of County Residents	Percent of County Residents 65 and Over
White alone	51.2	61.2
Black or African American alone	18.5	13.1
Asian alone	15.0	15.0
Hispanic or Latino (of any race)	19.5	8.7

Source: American Community Survey 2020 (Table S0103), Census Bureau.

The same forces that drive disparities in wealth and homeownership also affect the economic security of BIPOC seniors. Black and Latinx seniors are more likely to be in poverty than White seniors.¹⁷ Further, a 2011 study found that 90 percent of Latinx and 83 percent of Black senior households had insufficient retirement assets to last throughout their expected life spans.¹⁸ The study found that much of the economic insecurity among BIPOC seniors was driven by housing, where nearly two-thirds of Black and Latinx seniors spent 30 percent or more of their incomes on housing expenses.¹⁹ Because of disparities in homeownership, Black and Latinx seniors are also less likely to have home equity as a resource for economic security.²⁰

Veteran Residents. As discussed in the RESJ Impact Statement for Expedited Bill 7-22, Fire and Rescue Services – Credit Service for Group G Members, inequitable policies and practices that disproportionately harm service members of color have also contributed to the over-representation of White people in military service. BIPOC have served in the military since the colonial period, playing a significant role in every major American conflict.²¹ Despite their contributions, service members of color have faced racism and discrimination throughout the history of the armed forces.²² Today, 74 years after the official desegregation of the military, deep-rooted racism persists, with service members of color experiencing harassment, lack of advancement into leadership positions, and unequal discipline, among other forms of racial discrimination.^{23, 24}

Data in Table 2 demonstrates the over-representation of White people among military veterans in the County. Whereas White residents account for 53.2 percent of County residents 18 years and over, they account for 69.0 percent of veterans in the County. Conversely, Asian and Latinx residents are under-represented as veterans, respectively accounting for 15.8 and 17.7 percent of residents 18 years and over, compared to 5.5 and 7.7 percent of veterans.

Table 2: Percent of Residents 18 and Over and of Veterans by Race and Ethnicity, Montgomery County, Maryland

Race/Ethnicity	Percent of County Residents 18 and Over	Percent of County Veterans
White alone	53.2	69.0
Black or African American alone	18.1	18.3
Asian alone	15.8	5.5
Hispanic or Latino (of any race)	17.7	7.7

Source: American Community Survey 2020 (Table S2101), Census Bureau.

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ANTICIPATED RESJ IMPACTS

The Montgomery County Office of Management and Budget (OMB) estimates that extending the term of the property tax credit for older adults and retired military services members will decrease County revenues by \$12.2 million over six years.²⁵ Among several assumptions, OMB assumed that an additional 200 older adults and 20 veterans would sign up for the program each year.

Data demonstrates that homeowners in the County are more likely to be White or Asian. Additionally, senior and veteran residents in the County are disproportionately White. Thus, OLO anticipates that Bill 9-22 will have a negative impact on RESJ in the County, as it will primarily benefit White homeowners. OLO anticipates the negative RESJ impact of the Bill will be moderate, as it could re-allocate \$12 million over six years in local funding for programs benefitting all residents to a subset of residents that are disproportionately White and higher income.

RECOMMENDED AMENDMENTS

The Racial Equity and Social Justice Act requires OLO to consider whether recommended amendments to bills aimed at narrowing racial and social inequities are warranted in developing RESJ impact statements.²⁶

OLO finds that Expedited Bill 9-22 could widen racial and ethnic inequities because its benefits are most likely to accrue to White homeowners. Should the Council seek to improve the RESJ impact of this Bill through incorporating recommended amendments or introducing companion legislation, the following policy solutions directed towards renters can be considered. Offering benefits to renters could enhance racial equity, as Black and Latinx residents are more likely to rent their homes:²⁷

- **Create a renters' tax credit for senior and veteran residents.**²⁸ If Black and Latinx seniors are more likely to rent their homes, then adding a renters' tax credit provision could help ensure that all senior and veteran residents proportionately benefit from this bill, regardless of whether they rent or own their homes.
- **Increase funding and expand eligibility for County Rental Assistance Program.** Localities often rely on the federal Housing Choice Voucher (HCV) program – the nation's largest rental assistance program – to provide long-term rental assistance to low-income residents. The HCV program has been proven to help low-income residents sustain housing and reduce financial hardship.²⁹ Current funding for the HCV program falls short of demand, causing long waitlists. In Maryland, applicants to the HCV program wait an average of 43 months, or 3.5 years, to receive a housing voucher.³⁰

Addressing gaps in the HCV program, localities have developed local rental assistance programs to meet the needs of low-income residents. One such program in the County is the Rental Assistance Program (RAP), where low-income residents who are currently experiencing or at risk of homelessness can receive \$100 to \$400 per month for up to 12 months.³¹ RAP recipients are able to reapply to the program after 12 months to determine continued eligibility. For fiscal year 2023, the RAP was recommended an allocation of \$4.55 million, an increase from the actual allocation of \$1.58 million in fiscal year 2022 and \$570,000 in fiscal year 2021.³²

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To enhance RESJ among seniors, the Council could consider increasing funding to the RAP and expanding eligibility to include low-income residents over 65 who are not experiencing or at risk of homelessness. For instance, Arlington County's Housing Grant program covers a portion of monthly rent for low-income residents, including residents who are 65 years and older.³³ While the program prioritizes residents experiencing homelessness, low-income residents not experiencing homelessness are able to qualify depending on funding availability.³⁴ Residents can re-certify for the program annually as long as they continue to meet eligibility requirements. Arlington County allocated \$14 million to the Housing Grant program in the current and upcoming fiscal year.^{35,36}

- **Increase affordable housing units for seniors.** To advance RESJ among seniors, the Council could consider increasing investments in developments that preserve or produce affordable rental housing for seniors, especially for those with extremely low incomes. An estimated 11,000 County residents 65 years and over are living below the poverty level.³⁷ Residents living below the poverty level would likely be considered extremely low income by HUD definitions – or having an income at or below 30 percent of the Area Median Income (AMI).^{38,39} Between Housing Opportunity Commission (HOC) units and subsidized units in private properties, the County currently has 1,092 units that are affordable for seniors at 30 percent of the AMI.^{40,41} Of note, the majority of affordable housing units for seniors in the County are affordable between 40 percent and 80 percent of the AMI (2,211 units).

CAVEATS

Two caveats to this racial equity and social justice impact statement should be noted. First, predicting the impact of legislation on racial equity and social justice is a challenging, analytical endeavor due to data limitations, uncertainty, and other factors. Second, this RESJ impact statement is intended to inform the legislative process rather than determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

CONTRIBUTIONS

OLO staffer Janmarie Peña, Performance Management and Data Analyst drafted this RESJ impact statement with assistance from Elaine Bonner-Tompkins, OLO Senior Legislative Analyst.

¹ Definition of racial equity and social justice adopted from “Applying a Racial Equity Lens into Federal Nutrition Programs” by Marlysa Gamblin, et.al. Bread for the World, and from Racial Equity Tools. <https://www.racialequitytools.org/glossary>

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