

### Bill 1-23 | Property Tax Credit – Elderly Individuals and Retired Military Services

#### Summary

The Office of Legislative Oversight (OLO) anticipates that Bill 1-23 will have little to no impact on the County's contribution to addressing climate change, as the bill is amending the maximum home value assessments for an existing property tax credit that a small number of Montgomery County residents qualify for.

---

#### Background and Purpose of Bill 1-23

A property tax credit reduces a property owner's tax obligation.<sup>1</sup> 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.

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 residents 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; or

# Climate Assessment

## Bill 1-23

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. Bill 1-23, Property Tax Credit – Elderly Individuals and Retired Military Services was introduced to the Council on 1/17/2023.<sup>2</sup>

---

## Property Tax Credits and Community Resilience

Tax credits, including property tax credits, are a common incentive used to encourage private investment in increasing the resiliency of properties.<sup>3</sup> Resilience-specific property tax credits require property owners to take certain steps towards mitigation and building resilience, like installing solar panels or retrofitting their property to comply with resilient building codes in order to earn the credit.<sup>4</sup>

There are some drawbacks to using property tax credits to increase community resilience. For one, it only targets property owners, which leaves out renters who make up about 34% of Montgomery County residents.<sup>5</sup> In addition, over time, tax credits can decrease the overall tax revenue that local government receives, which is a major source of local funding.<sup>6</sup> This could lead to a decrease in the budget and limit the amount of resiliency actions that could be funded by local government.

Bill 1-23 however, does not specifically require property owners to take resilience measures to earn the tax credit.<sup>7</sup> Further, as the property tax credit was first established at the State level and focuses solely on elderly individuals and veterans that have lived in their residence for 40 or more years, a small portion of the County's population, it may not be appropriate to consider adding resiliency requirements or incentives to this specific bill.

# Climate Assessment

## Bill 1-23

### Anticipated Impacts

As the bill is amending the maximum home value assessments for an existing property tax credit for a small number<sup>8</sup> of Montgomery County residents, OLO anticipates that Bill 1-23 will have little to no impact on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions, community resilience, and adaptative capacity.

---

### Recommended Amendments

The Climate Assessment Act requires OLO to offer recommendations, such as amendments or other measures to mitigate any anticipated negative climate impacts.<sup>9</sup> OLO does not offer recommendations or amendments as Bill 1-23 is likely to have little to no impact on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions, community resilience, and adaptative capacity.

---

### Caveats

OLO notes two caveats to this climate assessment. First, predicting the impacts of legislation upon climate change is a challenging analytical endeavor due to data limitations, uncertainty, and the broad, global nature of climate change. Second, the analysis performed here is intended to inform the legislative process, not 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.

---

### Purpose of Climate Assessments

The purpose of the Climate Assessments is to evaluate the anticipated impact of legislation on the County's contribution to addressing climate change. These climate assessments will provide Council with a more thorough understanding of the potential climate impacts and implications

# Climate Assessment

## Bill 1-23

of proposed legislation, at the County level. The scope of the Climate Assessments is limited to the County's contribution to addressing climate change, specifically upon the County's contribution to greenhouse gas emissions and how actions suggested by legislation could help improve the County's adaptive capacity to climate change, and therefore, increase community resilience.

While co-benefits such as health and cost savings may be discussed, the focus is on how proposed County bills may impact GHG emissions and community resilience.

---

## Contributions

OLO staffer Kaitlyn Simmons drafted this assessment.

---

<sup>1</sup> [Policy Basics: Tax Exemptions, Deductions, and Credits, Center on Budget and Policy Priorities, November 2020.](#)

<sup>2</sup> [Bill 1-23](#)

<sup>3</sup> [Building Community Resilience with Nature-Based Solutions: A Guide for Local Communities, Federal Emergency Management Agency \(FEMA\), June 2021](#)

<sup>4</sup> [Developing Pre-Disaster Resilience Based on Public and Private Incentivization, National Institute of Building Sciences, October 29, 2015](#)

<sup>5</sup> [American Community Survey, Demographic Characteristics for Occupied Housing Units in Montgomery County, MD, United States Census Bureau, Accessed 1/19/23](#)

<sup>6</sup> [Local Tax Limitations Can Hamper Fiscal Stability of Cities and Counties, PEW Charitable Trusts, July 8, 2021](#)

<sup>7</sup> [Bill 1-23](#)

<sup>8</sup> According to the Economic Impact Statement for 2022 amendments to the Property Tax Credit – Elderly Individuals and Retired Military Services Members, in 2020 only 604 tax credits were issued. [Economic Impact Statement Expedited Bill 9-22, Office of Legislative Oversight, 2022](#)

<sup>9</sup> Bill 3-22, Legislative Branch – Climate Assessments – Required, Montgomery County Council, Effective date October 24, 2022