

# Climate Assessment

## Office of Legislative Oversight

### Bill 45-23: Property Tax Credit – Individuals 65 and Above, Retired Military Service Members and Disabled Military Service Members

#### SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 45-23 will have no impact on the County's contribution to addressing climate change as the bill proposes changes to an existing property tax credit that a small number of County residents qualify for.

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#### BACKGROUND AND PURPOSE OF BILL 45-23

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

In March 2017, the Council passed Bill 42-16, Taxation – Property Tax Credit – Elderly Individuals and Veterans, which created a property tax credit for certain individuals over the age of 65 and retired military services members. The bill 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.<sup>2</sup>

Bill 45-23 would expand eligibility and alter the amount of tax credit based upon income. Specifically, the bill would:

- Expand the eligibility criteria for the property tax credit available to certain disabled veterans and their surviving spouses;
- Expand the eligibility criteria for the credit based on the assessed value of an individual's home (from \$700,000 for individuals 65 and older and \$599,000 for retired military members and their surviving spouse to \$899,999, which would be increased annually based on inflation)
- Increase the number of years an individual may qualify for the credit from 7 to 10 years and reduce the amount of time an individual must reside in a home to qualify for the credit from 40 to 25 years; and
- Alter the amounts of the property tax credit based upon the applicant's income, up to 50% of the County property tax for individuals with an annual income of \$50,000 or less.<sup>3</sup>

Bill 45-23, Property Tax Credit – Individuals 65 and Above, Retired Military Service Members, was introduced by the Council on December 5<sup>th</sup>, 2023.

## ANTICIPATED IMPACTS

As the bill proposes changes to an existing tax credit program that a small number of County residents qualify for, OLO anticipates Bill 45-23 will have 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.

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## 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>4</sup> OLO does not offer recommendations or amendments as Bill 45-23 is likely to have 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.

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## 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.

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## 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 the Council with a more thorough understanding of the potential climate impacts and implications 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 adaptative 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.

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## CONTRIBUTIONS

OLO staffer Kaitlyn Simmons drafted this assessment.

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

<sup>2</sup> [Bill 42-16, Taxation - Property Tax Credit - Elderly Individuals and Veterans](#), Montgomery County Council, Effective Date March 17, 2017.

<sup>3</sup> [Introduction Staff Report for Bill 45-23, Property Tax Credit - Individuals 65 and Above, Retired Military Service Members](#), Montgomery County Council, Introduced December 5<sup>th</sup>, 2023.

<sup>4</sup> Bill 3-22, Legislative Branch – Climate Assessments – Required, Montgomery County Council, Effective date October 24, 2022