



Committee: Directly to Council
Committee Review: N/A
Staff: Ludeen McCartney-Green, Legislative Attorney
Purpose: Final action – vote expected
Keywords: #elderlypropertytaxcredit #vetpropertytaxcredit

AGENDA ITEM #5C
June 28, 2022
Action

SUBJECT

Expedited Bill 9-22, Property Tax Credit – Elderly Individuals and Retired Military Services Members – Amendments

Lead Sponsor: Council President Alborno at the Request of the County Executive

EXPECTED ATTENDEES

None

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- Action – Council vote expected
- This bill did not go to Committee for a recommendation, so a motion is required prior to a roll call vote.
- On June 21, 2022, the Council held a straw vote where a majority voted in favor to support the bill.

DESCRIPTION/ISSUE

- Expedited Bill 9-22 would:
 - (1) extend the duration of a property tax credit for elderly individuals and retired military services members from 5 years to 7 years; and
 - (2) generally, amend the law regarding property tax credits.

SUMMARY OF KEY DISCUSSION POINTS

- The Maryland General Assembly enacted state enabling legislation (SB 901), which repealed a provision that authorizes local jurisdictions to amend the number of years an eligible individual may receive a property tax credit.
- Whether the Council should consider extending the duration for elderly and retired military service members to receive a 20% property tax credit by two additional years?
- The Department of Finance is prepared to implement this bill upon the Council's enactment to ensure seniors or veterans who would have exceeded the 5-year time period can continue to receive the property tax credit.

This report contains:

Staff Report
Expedited Bill 9-22
LRR
Fiscal Impact Statement
County Executive Memo

Pages 1 - 3
© 1
© 5
© 6
© 9

Alternative format requests for people with disabilities. If you need assistance accessing this report you may [submit alternative format requests](#) to the ADA Compliance Manager. The ADA Compliance Manager can also be reached at 240-777-6197 (TTY 240-777-6196) or at adacompliance@montgomerycountymd.gov

M E M O R A N D U M

June 23, 2022

TO: County Council

FROM: Ludeen McCartney-Green, Legislative Attorney

SUBJECT: Expedited Bill 9-22, Taxation – Property Tax Credit – Elderly Individuals and Retired Military Services Members - Amendments

PURPOSE: Final Action – roll call vote expected

Expedited Bill 9-22, Taxation – Property Tax Credit – Elderly Individuals and Retired Military Services Members, sponsored by the Lead Sponsor Council President at the Request of the County Executive, was introduced on June 14, 2022. A public hearing was held on June 21 with one speaker. The Council took a straw vote expressing support for the bill. A full council vote is tentatively scheduled for June 28, 2022.

BACKGROUND

Maryland Property Tax § 9-258 provides enabling legislation for the County to establish a property tax credit for resident seniors and veterans. Through state enabling legislation, in 2017, the Council enacted Bill 46-16 (as later amended in Bill 17-18 and Bill 21-19) to create a property tax credit for elderly individuals and military retirees who meet certain eligibility requirements.

Specifically, Section 52-110 of the County Code, allows a 20% county property tax credit for up to 5 years on an eligible individual's home. An eligible individual is an individual that is: (1) at least 65 years old and has lived in the same dwelling for the preceding 40 years; or (2) is at least 65 years old and is a retired member (or surviving spouse) of the United States armed forces, military reserves, or national guard. In addition, an eligible individual may receive a property tax credit if the home for which they are seeking the credit is assessed at no more than \$650,000 (for elderly individuals), or \$500,000 (for retired services members).

County law requires an individual that is eligible to apply for the first time must submit an application to the Department of Finance by April 1 prior to the tax year that a homeowner would receive the credit. If the individual meets the requirements, as listed above, the senior or veteran

resident would receive the 20% tax credit applied towards the County property taxes for up to 5 consecutive years.

During the 2022 session, the Maryland General Assembly passed Senate Bill 901, *Property Tax – Elderly Individuals and Veterans Tax Credit – Amount and Duration*, ©21. This bill repealed a provision under Md. Tax Property Code §9-258, which authorizes the *maximum* amount of property tax credit and the time period for which an individual is eligible to receive the credit.

§9-258.

[(c) The property tax credit allowed under this section may:

(1) not exceed 20% of the county or municipal corporation property tax imposed on the property; and

(2) be granted for a period of up to 5 years.]

Senate Bill 901 was signed by the Governor on May 12, 2022, and the bill took effect on June 1, 2022. The repeal by the state legislature enables the County to alter the time period for which an eligible individual can receive the property tax credit.

BILL DESCRIPTION

Expedited Bill 9-22, as introduced, would extend the duration of the property tax credit for elderly individuals and retired military service members by an additional two years. Essentially, altering the maximum number of years an eligible individual can receive the credit from 5 to 7, with an effective date of July 1, 2022, and applicable for tax bills after June 30, 2022. *See* County Executive Memorandum. (©9).

PUBLIC HEARING

Michael Coveyou, Director of Finance, representing the County Executive, expressed support for Expedited Bill 9-22. Mr. Coveyou testified that, if timely enacted, the bill would benefit approximately 5,000 eligible County residents and extend the duration of the 20% tax credit by an additional two years. Mr. Coveyou requested the Council take a straw vote to help determine whether the Council plans to support the bill - this would allow Finance staff the opportunity to prepare July 1 tax bills with the appropriate credit in anticipation of the Council's final vote on June 28. The straw vote was in support of the bill.

DISCUSSION

1. What is the fiscal impact of this Bill?

According to the Office of Management and Budget (OMB) the extension for a senior or veteran to receive the tax credit from five to seven years will increase the tax credit by an aggregate of \$12.2 million over six years (FY23 - 28), which was accounted for in the FY23 Recommended Budget. ©6 Further, OMB estimates the increase in annual tax credit expenditures would decline annually from \$3.8 million in FY24 to approximately \$369, 859 by FY28, as a result of initially

enrolled individuals would no longer receive the credit after the two additional years. OMB estimates that approximately 200 new elderly individuals and 20 retired veterans would apply for the program each year. The fiscal impact statement is at ©6.

The Council should note that property tax credits provided to homeowners reduce tax revenue that would otherwise be available to support other competing public goods.

2. What is the racial equity and social justice impact of the Bill?

OLO estimated that the Bill would have a negative impact on racial equity and social justice in the County because the eligible tax credit for homeowners who are elderly, or veterans are disproportionately White and high-wage earners. (©14).

OLO suggested three amendments to reduce the negative impact (©17), first by creating a renters' tax credit for seniors and veteran residents; increasing funding and expanding eligibility for County Rental Assistance Program; and in addition, increasing affordable housing units for seniors. Council staff agrees with OLO's recommendation that a renters' tax credit or appropriated funds for rental assistance would provide relief for seniors and veteran residents; however, the suggested amendment would exceed the scope of the enabling law under Md. Tax Property Code 9-258. The State enabling law would not permit a tax credit for renters. The Council may wish to consider separate legislation to provide such relief.

3. Should the Council decide to adopt Bill 9-22 before July 1, 2022, can the Department of Finance timely finalize property tax bills?

If the Council decides to enact Bill 9-22 on June 28, Finance has informed Council staff it is prepared to implement and finalize tax bills with the credit in place prior to mailing in early July.

In the alternative, if the Council decides not to proceed with action on June 28, and adopts at a later date, when the bills are mailed and paid without the credit, a refund would be processed for the taxpayer. The refund process may place an additional burden on processing and increase costs for staff.

This packet contains:

Circle #

Expedited Bill 9-22	1
Legislative Request Report	5
Fiscal Impact Statement	6
County Executive Memorandum	9
RESJ Statement	14
State Enabling Legislation (Senate Bill 901)	21

Expedited Bill No. 9-22
Concerning: Property Tax Credit – Elderly
Individuals and Retired Military
Services Members - Amendments
Revised: 6/7/2022 Draft No. 1
Introduced: June 14, 2022
Expires: December 13, 2023
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: _____
Ch. [#], Laws of Mont. Co. [year]

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

AN EXPEDITED ACT to:

- (1) extend the duration of property tax credit for elderly individuals and retired military services members from 5 years to 7 years; and
- (2) generally amend the law regarding property tax credits.

By amending

Montgomery County Code
Chapter 52, Taxation
Section 52-110

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

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

Sec. 1. Section 52-110 is amended as follows:

52-110. Property tax credit -- elderly individuals and retired military services members.

(a) *Definitions.* In this Section, the following words have the meanings indicated:

Department means the Department of Finance.

Director means the Director of the Department or the Director's designee.

Dwelling has the same meaning as in § 9-105 of the Tax-Property Article of the Maryland Code.

(b) *Credit.* As authorized by § 9-258 of the Tax-Property Article of the Maryland Code, an eligible individual may receive a credit against the County property tax imposed on the dwelling of an eligible individual.

(c) *Eligibility.* An individual is eligible to receive a property tax credit if:

- (1) (A) the individual is at least 65 years old;
- (B) the individual has lived in the same dwelling for at least the preceding 40 years; and
- (C) 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;
- (2) (A) the individual is at least 65 years old;
- (B) 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

- (C) 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
 - (3) (A) 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;
 - (B) the surviving spouse is at least 65 years old; and
 - (C) the surviving spouse has not remarried.
- (d) *Amount and duration of credit.*
 - (1) The credit allowed under this Section is 20% of the County property tax imposed on the dwelling.
 - (2) The credit must be granted each year for [5] 7 years if the individual remains eligible for the credit.
- (e) *Application.*
 - (1) A property owner must submit an application to the Director on or before April 1 before the tax year that the individual first seeks to receive the credit. An annual application is not required for an individual to receive the credit.
 - (2) An application must:
 - (A) be on the form that the Director requires; and
 - (B) demonstrate that the taxpayer is entitled to the credit.
- (f) *Regulations.* The County Executive may issue regulations under Method 2 to administer this tax credit.

Sec. 2. Expedited Effective Date.

49 The Council declares that this legislation is necessary for the immediate
50 protection of the public interest. Section 52-110, as amended by Section 1 of this Act,
51 takes effect on July 1, 2022.

LEGISLATIVE REQUEST REPORT

BILL: XX-22E

Property Tax Credit – Elderly Individuals and Retired Military Service Members

DESCRIPTION:	This bill extends the period for which a property tax credit may be granted for elderly individuals and retired military services members from five years to seven years. It also generally amends the law regarding property tax credits.
PROBLEM:	The Maryland General Assembly enacted, and the Governor signed, SB901 repealing the five-year limit on property tax credits.
GOALS AND OBJECTIVES:	As permitted under SB901, extend the period a property credit may be granted to seven years.
COORDINATION:	The Office of the County Executive, Department of Finance
FISCAL IMPACT:	Office of Management Budget
ECONOMIC IMPACT:	Office of the Legislative Oversight
EVALUATION:	N/A
EXPERIENCE ELSEWHERE:	N/A
INFORMATION SOURCE OF:	Ken Hartman, Director of Strategic Partnerships, 240-777-2560
APPLICATION WITHIN MUNICIPALITIES:	Taxes and credits apply countywide
PENALTIES:	N/A

Fiscal Impact Statement

Bill XX-22E, Property Tax Credit - Elderly and Retired Military Service Members

1. Legislative Summary

Bill XX-22E extends the period for which a property tax credit may be granted for elderly individuals and retired military services members from five years to seven years. During the 2022 legislative session, the General Assembly enacted, and the Governor signed SB 901, which repealed the five-year limit on Property Tax Credits Maryland counties may offer to residents who are at least 65 years old and have lived in their homes for at least 40 years; or are retired from the uniformed services, the military reserves, or the national guard. In 2017, the Council enacted Bill 42-16, which created the property tax credit. In conformance with State law, the property tax credit was granted annually for five years, subject to application requirements. Expedited Bill XX-22 will extend the credit to seven years.

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

The extension of the term of the Elderly Individuals and Veterans tax credit from five years to seven years will increase the tax credit by an aggregate \$12.2 million over six years (FY23-28). However, the FY23 Recommended Budget assumes 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, shown in the table below, declines annually from FY24 to FY27 as a result of the earliest adopters ultimately leaving the program after receiving the additional 2-year extension.

The analysis below is based on current law compared to the Bill and assumes that: i) existing beneficiaries will continue to receive the credit for an additional two years; ii) an additional 200 elderly individuals and 20 veterans will sign up for the program each year; iii) the assessed value of benefiting properties increases by two percent per year. The assumed growth in benefit recipients listed above is set at double the actual growth of beneficiaries of the credit for levy year 2021 but is less than the number of new recipients in levy years 2019 and 2020.

Fiscal Year	FY23	FY24	FY25	FY26	FY27	FY28	6-Year Total FY23-FY28
Total	\$3,835,998	\$4,643,311	\$1,466,677	\$1,223,307	\$678,457	\$369,859	\$12,217,609

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

The net revenue loss for the extension to the FY23 Budget is negligible because the FY23 Recommended Budget assumed a continuation of the original credit as it is a small component of the overall forecast for the tax credit. There is no apparent impact on expenditures.

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

Not applicable.

- 5. An estimate of expenditures related to County's information technology (IT) systems, including Enterprise Resource Planning (ERP) systems.**

Not applicable.

- 6. Later actions that may affect future revenue and expenditures if the bill authorizes future spending.**

Not applicable.

- 7. An estimate of the staff time needed to implement the bill.**

The Elderly Individuals and Veterans tax credit in its current form as a benefit for five years is already supported by staff of the Department of Finance. The proposed change to the tax credit would not require any additional staff time.

- 8. An explanation of how the addition of new staff responsibilities would affect other duties.**

Not applicable.

- 9. An estimate of costs when an additional appropriation is needed.**

Not applicable.

- 10. A description of any variable that could affect revenue and cost estimates.**

The number of eligible participants in future years may be higher or lower than the analysis depicts. There may be several applications that are ineligible because their property value is over \$650,000 (for elderly) or over \$500,000 (for retired members of the uniformed services). The average value of properties receiving the credit may increase at a higher or lower rate than estimated in the analysis. Any extension of the credit past seven years would result in higher cost.

- 11. Ranges of revenue or expenditures that are uncertain or difficult to project.**

See the response above in number 10.

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

Not applicable.

13. Other fiscal impacts or comments.

Not applicable.

14. The following contributed to and concurred with this analysis:

Michael Coveyou, Director, Department of Finance
Nancy Feldman, Manager, Division of Fiscal Management
David Platt, Chief Economist, Fiscal Management Division, Department of Finance
Dennis Hetman, Fiscal Manager, Fiscal Management Division, Department of Finance
Todd Fawley-King, Division of Fiscal Management
Derrick Harrigan, Office of Management and Budget



Jennifer Bryant, Director
Office of Management and Budget

6-1-22

Date



OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

M E M O R A N D U M

June 2, 2022

TO: Gabe Albornoz, President
Montgomery County Council

FROM: Marc Elrich, County Executive *Marc Elrich*

SUBJECT: Bill XX-22E - Property Tax Credit - Elderly Individuals and Retired Military Services Members

I am recommending Expedited Bill XX-22 to extend the time limit for property tax credits for certain elderly individuals and retirees of the armed forces by two years.

During the 2022 legislative session, the General Assembly enacted, SB901, which repealed the five-year limit on Property Tax Credits counties may offer to residents who are at least 65 years old and have lived in their homes for at least 40 years or are retired from the uniformed services, the military reserves, or the national guard.

In 2017, the Council enacted Bill 42-16, which created the property tax credit. In conformance with State law, the property tax credit was granted annually for five years, subject to application requirements. Expedited Bill XX-22 will extend the credit to up to seven years.

The Governor signed the bill on May 12, 2022, and the new State law went into effect on June 1, impacting property tax bills that are due to be sent in just three weeks. Therefore, we have a limited time to move this Expedited Bill forward, which is why I have not proposed any other modifications.

ME:kh

Expedited Bill No. [Click - type number]
Concerning: [short title]
Revised: [date] Draft No. [#]
Introduced: [date]
Expires: [18 mos. after intro]
Enacted: [date]
Executive: [date signed]
Effective: [date takes effect]
Sunset Date: [date expires]
Ch. [#] , Laws of Mont. Co. [year]

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request for the County Executive

AN EXPEDITED ACT to:

- (1) extend a property tax credit for elderly individuals and retired military services members from five years to seven years; and
- (2) generally, amend the law regarding property tax credits.

By amending

Montgomery County Code
Chapter 52, Taxation
Section 52-110

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

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

Sec. 1. Section 52-110 is amended as follows:

52-110. Property tax credit -- elderly individuals and retired military services members.

(a) *Definitions.* In this Section, the following words have the meanings indicated:

Department means the Department of Finance.

Director means the Director of the Department or the Director's designee.

Dwelling has the same meaning as in § 9-105 of the Tax-Property Article of the Maryland Code.

(b) *Credit.* As authorized by § 9-258 of the Tax-Property Article of the Maryland Code, an eligible individual may receive a credit against the County property tax imposed on the dwelling of an eligible individual.

(c) *Eligibility.* An individual is eligible to receive a property tax credit if:

(1) (A) the individual is at least 65 years old;

(B) the individual has lived in the same dwelling for at least the preceding 40 years; and

(C) 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;

(2) (A) the individual is at least 65 years old;

(B) 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

(C) 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

(3) (A) 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;

(B) the surviving spouse is at least 65 years old; and

(C) the surviving spouse has not remarried.

(d) *Amount and duration of credit.*

(1) The credit allowed under this Section is 20% of the County property tax imposed on the dwelling.

(2) The credit must be granted each year for [5] 7 years if the individual remains eligible for the credit.

(e) *Application.*

(1) A property owner must submit an application to the Director on or before April 1 before the tax year that the individual first seeks to receive the credit. An annual application is not required for an individual to receive the credit.

(2) An application must:

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

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

46 (f) *Regulations.* The County Executive may issue regulations under Method
47 2 to administer this tax credit.

48 **Sec. 2. Expedited Effective Date.**

49 The Council declares that this legislation is necessary for the immediate
50 protection of the public interest. This Act takes effect on the date on which it becomes
51 law.

52 *Approved:*

53

54

Gabriel Albornoz, President, County Council

Date

55 *Approved:*

56

Marc Elrich, County Executive

Date


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

58

Judy K. Rupp, Clerk of the Council

Date

Approved as to form and legality

 5/19/22

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.

RESJ Impact Statement

Expedited Bill 9-22

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.

RESJ Impact Statement

Expedited Bill 9-22

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.

RESJ Impact Statement

Expedited Bill 9-22

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

RESJ Impact Statement

Expedited Bill 9-22

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>

² Ibid

³ Expedited Bill 9-22, Property Tax Credit – Elderly Individuals and Retired Military Services Members – Amendments, Montgomery County, Maryland, Introduced June 14, 2022.

https://www.montgomerycountymd.gov/council/Resources/Files/agenda/col/2022/20220614/20220614_3A.pdf

⁴ Montgomery County Code Section 52-110, Property Tax Credit – Elderly Individuals and Retired Military Service Members, Montgomery County, Maryland, Accessed June 13, 2022.

https://codelibrary.amlegal.com/codes/montgomerycounty/latest/montgomeryco_md/0-0-0-107462#ID_52-110

⁵ “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>

⁶ Misha Hill, et al, “Taxes and Racial Equity: An Overview of State and Local Policy Impacts,” Institute on Taxation and Economic Policy, March 2021. https://itep.sfo2.digitaloceanspaces.com/ITEP_Taxes-and-Racial-Equity-State-and-Local-Policy-Impacts-2.pdf

⁷ Ibid

⁸ Richard Rothstein, *The Color of Law: A Forgotten History of How Government Segregated America*, 2017

⁹ Hill, et al, “Taxes and Racial Equity: An Overview of State and Local Policy Impacts”

RESJ Impact Statement

Expedited Bill 9-22

¹⁰ Kilolo Kijakazi, et al, “The Color of Wealth in the Nation’s Capital,” The Urban Institute, November 2016.

<https://www.urban.org/research/publication/color-wealth-nations-capital>

¹¹ Keeanga-Yamahtta Taylor, *Race for Profit: How Banks and the Real Estate Industry Undermine Black Homeownership*, 2019

¹² “Percent Owner-Occupied Households by Race/Ethnicity: Montgomery, MD” National Equity Atlas, Accessed June 13, 2022.

<https://nationalequityatlas.org/indicators/Homeownership#/?geo=04000000000024031>

¹³ “Housing Burden by Tenure, Severity, and Race/Ethnicity: Montgomery, MD” National Equity Atlas, Accessed June 13, 2022.

https://nationalequityatlas.org/indicators/Housing_burden#/?geo=04000000000024031&rentown01=2

¹⁴ Jupiter Independent Research Group, OLO Report 2019-7: Racial Equity Profile Montgomery County, Office of Legislative Oversight, July 15, 2019. https://www.montgomerycountymd.gov/OLO/Resources/Files/2019%20Reports/OLO2019-7-6_20_19.pdf

¹⁵ Ibid

¹⁶ Ibid

¹⁷ Zhe Li and Joseph Dalaker, “Poverty Among Americans Aged 65 and Older,” Congressional Research Service, July 1, 2019.

<https://crsreports.congress.gov/product/pdf/R/R45791/1>

¹⁸ Tatjana Meschede, et al, “The Crisis of Economic Insecurity for African-American and Latino Seniors,” Demos and Institute on Assets & Social Policy, September 2011.

<https://www.demos.org/sites/default/files/publications/IASP%20Demos%20Senior%20of%20Color%20Brief%20September%202011.pdf>

¹⁹ Ibid

²⁰ Ibid

²¹ Schuyler C. Webb and William J. Herrmann, “Historical Overview of Racism in the Military,” Defense Equal Opportunity Management Institute, February 2002. <https://apps.dtic.mil/sti/pdfs/ADA488652.pdf>

²² Ibid

²³ Kat Stafford, James LaPorta, Aaron Morrison, and Helen Wieffering, “Deep-rooted Racism, Discrimination Permeate US Military,” Associated Press, May 27, 2021. <https://apnews.com/article/us-military-racism-discrimination-4e840e0acc7ef07fd635a312d9375413>

²⁴ Daniel Lam, “They Faced Racial Bias in Military Discipline. That Can Impact National Security,” NPR, September 14, 2021.

<https://www.npr.org/2021/08/22/1028765938/racial-bias-military-discipline-national-security-combat-readiness>

²⁵ Fiscal Impact Statement, Expedited Bill 9-22, Property Tax Credit – Elderly Individuals and Retired Military Services Members – Amendments, Office of Management and Budget, Montgomery County, MD, June 1, 2022.

²⁶ Bill 27-19, Administration – Human Rights – Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee – Established, Montgomery County Council

²⁷ Drew DeSilver, “As National Eviction Ban Expires, A Look at Who Rents and Who Owns in the U.S.,” Pew Research Center, August 2, 2021. <https://www.pewresearch.org/fact-tank/2021/08/02/as-national-eviction-ban-expires-a-look-at-who-rents-and-who-owns-in-the-u-s/>

²⁸ 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>

²⁹ Will Fischer, “Research Shows Housing Vouchers Reduce Hardship and Provide Platform for Long-Term Gains Among Children,” Center on Budget and Policy Priorities, October 7, 2015. <https://www.cbpp.org/research/housing/research-shows-housing-vouchers-reduce-hardship-and-provide-platform-for-long-term>

³⁰ Sonya Acosta and Erik Gartland, “Families Wait Years for Housing Vouchers Due to Inadequate Funding,” Center on Budget and Policy Priorities, July 22, 2021. <https://www.cbpp.org/research/housing/families-wait-years-for-housing-vouchers-due-to-inadequate-funding>

³¹ Rental Assistance Program, Department of Health and Human Services, Montgomery County, Maryland, Accessed June 15, 2022. <https://www.montgomerycountymd.gov/HHS-Program/SNHS/SNHSRental-p743.html>

³² Expenditures, “Services to End and Prevent Homelessness: Rental Assistance Program,” Montgomery County Open Budget, Accessed June 15, 2022.

<https://apps.montgomerycountymd.gov/BASISOPERATING/Common/BudgetSnapshot.aspx?ID=61P15&TYPE=E>

³³ “Housing Grants,” Arlington County, Virginia, Accessed June 15, 2022.

<https://www.arlingtonva.us/Government/Programs/Housing/Get-Help/Rental-Services/Local-Housing-Grants>

³⁴ Page 2 Priority Populations, “Administrative Regulations for Implementing Chapter 44, Housing Grants for Needy Persons,” Arlington County, Virginia, Accessed June 15, 2022.

RESJ Impact Statement

Expedited Bill 9-22

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

³⁵ “Adopted FY 2023 Budget,” Arlington County, Virginia, Accessed June 15, 2022.

<https://www.arlingtonva.us/files/sharedassets/public/budget/documents/fy-2023/fy-2023-adopted/adopted-fy-2023-budget-infographic.pdf>

³⁶ “Adopted FY 2022 Budget,” Arlington County, Virginia, Accessed June 15, 2022.

<https://www.arlingtonva.us/files/sharedassets/public/budget/documents/fy22a-adopted-all-in-one-budget-with-toc-links-12-17-21.pdf>

³⁷ Table S1701: Poverty Status in the Past 12 Months, 2020 American Community Survey, Census Bureau, Accessed June 16, 2022.

<https://data.census.gov/cedsci/table?t=Poverty&g=0500000US24031&tid=ACST5Y2020.S1701>

³⁸ “How the Census Bureau Measures Poverty,” Census Bureau, November 22, 2021, <https://www.census.gov/topics/income-poverty/poverty/guidance/poverty-measures.html>

³⁹ “2022 Rent and Income Limits,” Department of Housing and Community Affairs, Montgomery County, Maryland, Accessed June 16, 2022.

https://montgomerycountymd.gov/DHCA/Resources/Files/housing/multifamily/compliance/rent_income_limits_current.pdf

⁴⁰ “Independent Living,” Housing Opportunities Commission of Montgomery County, Accessed June 16, 2022.

<https://www.hocmc.org/extra/150-independent-living.html>

⁴¹ Rental Marketplace Database, Department of Housing and Community Affairs, Montgomery County, MD, Accessed June 16, 2022.

<https://ex12.montgomerycountymd.gov/ojn3/ijn12/marketplace>

Chapter 268

(Senate Bill 901)

AN ACT concerning

Property Tax – Elderly Individuals and Veterans Tax Credit – Amount and Duration

FOR the purpose of authorizing the Mayor and City Council of Baltimore City or the governing body of a county or municipal corporation to determine the amount and duration of a certain tax credit against the county or municipal corporation property tax imposed on the dwelling of certain elderly individuals and veterans; and generally relating to a property tax credit for elderly individuals and veterans.

BY repealing and reenacting, with amendments,

Article – Tax – Property

Section 9–258

Annotated Code of Maryland

(2019 Replacement Volume and 2021 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Tax – Property

9–258.

(a) (1) In this section the following words have the meanings indicated.

(2) “Dwelling” has the meaning stated in § 9–105 of this title.

(3) “Eligible individual” means:

(i) an individual who is at least 65 years old;

(ii) an individual who is at least 65 years old and 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;

(iii) 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;

(iv) an individual who:

1. is an active duty, retired, or honorably discharged 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

2. has a service-connected disability as defined in a local law enacted under ~~subsection (d) of this section~~; or

(v) a surviving spouse of an individual described under item (iv) of this paragraph who has not remarried.

(b) The Mayor and City Council of Baltimore City or the governing body of a county or municipal corporation may grant, by law, a property tax credit under this section against the county or municipal corporation property tax imposed on the dwelling of an eligible individual.

(c) [The property tax credit allowed under this section may:

(1) not exceed 20% of the county or municipal corporation property tax imposed on the property; and

(2) be granted for a period of up to 5 years.

(d)] The Mayor and City Council of Baltimore City or the governing body of a county or municipal corporation may provide, by law, for:

(1) THE AMOUNT AND DURATION OF THE PROPERTY TAX CREDIT UNDER THIS SECTION;

[(1)] (2) the maximum assessed value of a dwelling that is eligible for the tax credit under this section;

[(2)] (3) the minimum number of years, not to exceed 40 years, that an eligible individual not described under subsection (a)(3)(ii), (iii), or (iv) of this section must have resided in the same dwelling;

[(3)] (4) criteria that define a service-connected disability of an eligible individual described under subsection (a)(3)(iv) of this section;

[(4)] (5) additional eligibility criteria for the tax credit under this section;

[(5)] (6) regulations and procedures for the application and uniform processing of requests for the tax credit; and

[(6)] (7) any other provision necessary to carry out the tax credit under this section.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2022, and shall be applicable to all taxable years beginning after June 30, 2022.

Approved by the Governor, May 12, 2022.