



Committee: GO

Committee Review: At a future date

Staff: Khandikile Mvunga Sokoni, Legislative Attorney

Purpose: To introduce agenda item – no vote expected

Keywords: #elderlypropertytaxcredit #vetpropertytaxcredit

AGENDA ITEM #2A

January 17, 2023

Introduction

SUBJECT

Bill 1-23, Property Tax Credit – Elderly Individuals and Retired Military Services Members – Amendments

Lead Sponsor: Councilmember Katz

Co-Sponsors: Councilmembers Luedtke and Balcombe, Council Vice-President Friedson, and Councilmembers Fani-Gonzales and Albornoz

EXPECTED ATTENDEES

None

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- Whether to update eligibility for elderly and retired military service members to receive a property tax credit, increasing the assessment threshold by \$50,000.

DESCRIPTION/ISSUE

- Bill 1-23 would:
 - (1) amend the property tax credit for certain elderly individuals and retired military services members; and
 - (2) generally amend the law regarding property tax credits.

SUMMARY OF KEY DISCUSSION POINTS

- N/A

This report contains:

Staff Report

Bill 1-23

LRR

State Enabling Legislation – Senate Bill 901

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© 4

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M E M O R A N D U M

January 12, 2023

TO: County Council

FROM: Khandikile Mvunga Sokoni, Legislative Attorney

SUBJECT: Bill 1-23, Taxation – Property Tax Credit – Elderly Individuals and Retired Military Services Members - Amendments

PURPOSE: Introduction – no vote expected

Bill 1-23, Taxation – Property Tax Credit – Elderly Individuals and Retired Military Services Members, is sponsored by the Lead Sponsor Councilmember Katz and Co-Sponsors Councilmembers Luedtke and Balcombe, Council Vice-President Friedson, and Councilmembers Fani-Gonzales and Alborno. Following introduction on January 17, 2023, a public hearing is scheduled for February 7, 2023, and a worksession before the Government Operations and Fiscal Policy (GO) Committee is scheduled for February 16, 2023. This bill proposes to increase the assessed value of qualifying properties by \$50,000 from the current thresholds, so that the maximum assessed value of a property would be updated from \$650,000 to \$700,000 for qualifying elderly residents and from \$500,000 to \$550,000 for eligible military services members and retirees.

BACKGROUND

Md. Tax-Property Code Ann. § 9-258 (© 5) is the enabling legislation that authorizes the County to establish a property tax credit for elderly residents and retirees of the military. The State enabling law defines a qualifying individual for this tax credit as:

- (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; 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 this section; or

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

State Law authorizes the Council to provide by law for:

- (1) the amount and duration of the property tax credit;
- (2) the maximum assessed value of a dwelling that is eligible for the tax credit;
- (3) the minimum number of years, not to exceed 40 years, that an eligible individual must have resided in the same dwelling;
- (4) criteria that define a military service-connected disability of an eligible individual
- (5) additional eligibility criteria for the tax credit;
- (6) regulations and procedures for the application and uniform processing of requests for the tax credit; and
- (7) any other provision necessary to carry out the tax credit authorized by State law.

The Council enacted a bill in 2017 creating the property tax credit for elderly individuals and retired military services members as authorized by State Law, and it is contained in County Code §52-110.

Some history behind this property tax credit for elderly individuals and retired military services members is outlined below:

May 2016	Maryland Assembly enacted House Bill 898 authorizing counties to adopt property tax credits for certain qualifying elders and veterans (defined as “United States Armed forces”). The definition effectively excluded other members of the military services such as U.S. Public Health Service and the National Oceanic and Atmospheric Administration. House Bill 898 limited duration of the credit to 5 years and set a 20% cap on the tax credit.
June 2017	Council enacted Bill No. 42-16 establishing property tax credits for certain qualifying elders and military services members under the parameters allowed by then State law.
July 2017	Effective date of Council Bill No. 13-17 expanded the property tax credit for military retirees to include a retired member of the

	uniformed services, the military reserves, or the national guard.
July 2018	Effective date of Council Bill 17-18. Changed application process and made provision for retired military services members.
July 2019	Effective date of Council Bill 21-19. Expanded the property tax credit for surviving spouses of retired military services members.
May 2022	Senate Bill 901 signed by the Governor, with the June 1, 2022, effective date, (1) eliminating the 20% cap allowed for this property tax exemption and (2) eliminating the 5-year maximum period allowed for this property tax credit.
July 2022	Council Expedited Bill 9-22 effective, extending the validity of the tax credit from a maximum of 5 years to a maximum of 7 years.

CURRENT REQUIREMENTS TO QUALIFY FOR COUNTY PROPERTY TAX CREDIT.

Bill 1-23 specifically addresses the property tax credit that is contained in § 52-110 of the County Code. This is one of several tax relief programs provided by the County. Other programs include programs for senior citizens of limited income (County Code §52-92), the residential real property tax deferral for seniors of limited income (County Code §52-22), and the property tax refund for disabled veterans and blind persons (County Code §52-23). There is also a more generally applicable tax relief program which provides a homeowners' tax credit (County Code §52-85).

The existing property tax credit for elderly individuals and retired military services members outlined in County Code §52-110 which is the subject of Bill 1-23 lays out eligibility requirements for applicants including age (65 years or older); the individual must have lived in the same dwelling for at least the preceding 40 years; and the dwelling for which a property tax credit is sought must have a maximum assessed value of \$650,000 at the time the individual first applied for the credit. For eligible members or retirees of the military services the maximum assessed value of the property to qualify is \$500,000. These values have not been updated since the tax credit was first established. This bill seeks to update the assessed values to \$700,000 and \$550,000 respectively.

An individual who is eligible to apply for the first time must submit an application to the County's Department of Finance by April 1 prior to the tax year that a homeowner would receive

the credit. Staff are proposing that if Council enacts this bill, for the first year, the April 1, 2023 application deadline be extended to September 1, 2023 to allow eligible property owners sufficient time to apply. If an individual meets the requirements, as listed above, the senior or retired veteran resident would receive the 20% tax credit applied towards the County property taxes for up to 7 consecutive years.

According to the Finance Department tax bills are sent to property owners in July with first payments due on September 30th and the second on December 31st. According to the Treasury, they can include what are called “buck slips” in the tax bills about the eligibility/assessment increase being changed. The assessment amount is not listed on the tax facts brochure that goes in each tax bill but it would be on the web page under the tax credits.

This packet contains:

Circle #

Bill 1-23

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Legislative Request Report

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State Enabling Legislation (Senate Bill 901)

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Expedited Bill No. 1-23
Concerning: Property Tax Credit – Elderly
Individuals and Retired Military
Services Members - Amendments
Revised: _____ Draft No. 1
Introduced: January 17, 2023
Expires: September 17, 2024
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: None
Ch. [#], Laws of Mont. Co. [year]

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Councilmember Katz
Co-Sponsors: Councilmembers Luedtke and Balcombe, Council Vice-President Friedson, and
Councilmembers Fani-Gonzales and Albornoz

AN ACT to:

- (1) amend the property tax credit for certain elderly individuals and retired military services members; and
- (2) generally amend the law regarding property tax credits.

By amending

Montgomery County Code
Chapter 52, Taxation
Section 52-110, Property Tax Credit – Elderly Individuals and Retired Military Services Members.

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.

* * *

(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~~]\$700,000 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~~]\$550,000 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 7 years if the individual remains eligible for the credit.

* * *

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

Sec. 2. Applicability. Section 52-110, as amended by Section 1 of this Act, takes effect on July 1, 2023.

Sec. 3. Application date. Notwithstanding Section 52-110(e), an individual must submit an application to the Director on or before September 1, 2023 if the individual seeks to receive the tax credit for Fiscal Year 2024.

LEGISLATIVE REQUEST REPORT

Bill 1-23

Taxation – Property Tax Credit – Elderly Individuals and Retired Military Services Members, Amendments

DESCRIPTION:	Bill 1-23 would amend the existing property tax credit for certain elderly individuals and retired military services members by changing the assessed value of properties that are eligible for the tax credit.
PROBLEM:	During the 2016 legislative session, the General Assembly enacted, and the Governor signed, House Bill 898 which authorized local governments to provide for a property tax credit for certain elderly individuals and veterans. The Montgomery County Council enacted Bill 42-16 in 2017 to implement this tax credit. Currently, in order to be eligible for the tax credit the applicable assessment of a property must not exceed \$650,000 for elderly applicants or \$500,000 for retired members of the military. This bill seeks to update the assessed value to \$700,000 for elderly applicants and \$550,000 for retired members of the military to account for increases in property values over the last few years.
GOALS AND OBJECTIVES:	To implement authority granted by the State and offer tax relief to elderly individuals and retired members of the military services.
COORDINATION:	Finance
RACIAL EQUITY AND SOCIAL JUSTICE IMPACT STATEMENT	To be requested.
FISCAL IMPACT:	To be requested.
ECONOMIC IMPACT:	To be requested.
EVALUATION:	To be requested.
EXPERIENCE ELSEWHERE:	To be researched.
SOURCE OF INFORMATION:	Khandikile Mvunga Sokoni, Legislative Attorney, 240-777-7895
APPLICATION WITHIN MUNICIPALITIES:	Taxes and credits apply countywide
PENALTIES:	N/A

Md. Tax-Property Code Ann. § 9-258

Current with all legislation from the 2022 Regular Session of the General Assembly; including legislation ratified by the voters at the November 2022 election.

Michie's™ Annotated Code of Maryland > Tax - Property (Titles 1 — 14) > Title 9. Property Tax Credits and Property Tax Relief. (Subts. 1 — 4) > Subtitle 2. Statewide Optional. (§§ 9-201 — 9-267)

§ 9-258. Elderly individuals and veterans.

(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 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 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;

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

(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;

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

(5) additional eligibility criteria for the **tax** credit under this section;

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

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

History

[2016, ch. 498](#); [2017, ch. 184](#); [2018, ch. 12, § 1](#); [ch. 309](#); [ch. 310](#); [2019, chs. 36, 332, 333](#); [2020, ch. 642, § 1](#); [2022, ch. 267, § 1](#); [ch. 268, § 1](#).

Annotations

Notes

Effect of amendments. —

Chapter 184, Acts 2017, approved June 1, 2017, and effective from date of enactment, substituted “uniformed services of the United States as defined in 10 U.S.C. § 101, the military reserves, or the National Guard” for “armed forces” in (a)(3)(ii).

Section 1, ch. 12, Acts 2018, approved April 5, 2018, and effective from date of enactment, made a stylistic change in (a)(2).

Chapters 309 and 310, Acts 2018, effective June 1, 2018, made identical changes. Each added (a)(3)(iii) and made related changes.

Chapter 36, Acts 2019, effective June 1, 2019, rewrote (a)(3)(iii).

Chapters 332 and 333, Acts 2019, effective June 1, 2019, made identical changes. Each rewrote (a)(3)(i), added (d)(2), and redesignated accordingly.

Acts 2020, ch. 642, effective June 1, 2020, added (a)(3)(iv) and (a)(3)(v); reenacted (b) and (c) without change; in (d)(2) substituted “(a)(3)(ii), (iii), or (iv)” for “(a)(3)(ii) or (iii)”; added present (d)(3) and redesignated accordingly; and made related changes.

Acts 2022, ch. 267, § 1, effective June 1, 2022 and ch. 268 § 1, effective June 1, 2022, deleted “subsection (d) of” preceding “this section” in (a)(3)(iv)2.; deleted former (c); redesignated former (d) as (c); added (c)(1); and redesignated former (c)(1) through (c)(6) as (c)(2) through (c)(7).

Editor’s note. —

[Section 2, ch. 498, Acts 2016](#), provides that “this Act shall take effect June 1, 2016, and shall be applicable to all taxable years beginning after June 30, 2016.”

Chapters 473 and 498, Acts 2016, enacted § 9-257 of this article. Neither chapter referred to the other, and effect has been given to both. The section enacted by [ch. 498, Acts 2016](#), was redesignated as § **9-258** of this article.

[Section 2, ch. 184, Acts 2017](#), provides that “this Act shall take effect June 1, 2017, and shall be applicable to all taxable years beginning after June 30, 2017.”

[Section 4, ch. 12, Acts 2018](#), provides that “the provisions of this Act are intended solely to correct technical errors in the **law** and there is no intent to revive or otherwise affect **law** that is the subject of other acts, whether those acts were signed by the Governor prior to or after the signing of this Act.”

Md. Tax-Property Code Ann. § 9-258

Section 2, chs. 309 and 310, Acts 2018, provides that “this Act shall take effect June 1, 2018, and shall be applicable to all taxable years beginning after June 30, 2018.”

Chapters 12, 309, and 310, Acts 2018, amended (a). None of the chapters referred to the others, and effect has been given to all, as they amended different portions of (a) or made identical changes.

[Section 2, ch. 36, Acts 2019](#), provides that “a surviving spouse, who is under the age of 65 years 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, may continue to receive the **tax** credit under [§ 9-258 of the Tax - Property Article](#) as enacted by Section 1 of this Act if the surviving spouse qualified for and received the **tax** credit before June 1, 2019.”

Section 3, ch. 36, and § 2, chs. 332 and 333, Acts 2019, provides in part that “this Act shall be applicable to all taxable years beginning after June 30, 2019.”

Chapters 36, 332, and 333, Acts 2019, amended (a)(3). None of the chapters referred to the others, and effect has been given to all, as they amended different portions of (a)(3).

Acts [2020, ch. 642, § 2](#), provides that “this Act shall take effect June 1, 2020, and shall be applicable to all taxable years beginning after June 30, 2020.”

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