



FREDERICK COUNTY GOVERNMENT
COUNTY COUNCIL

To: County Council
From: Council Member Kirby Delauter
Date: November 28, 2017
Subject: Senior Citizens' Local Supplement to Homeowners Property Tax Credit

Issue:

Should the County Council modify the eligibility requirements for the Senior Citizens' Local Supplement to Homeowners Property Tax Credit to allow more senior citizens' to be eligible?

Background:

According to the Frederick County Affordable Housing Needs Assessment study released in November 2016, rents have risen faster than incomes in Frederick County over the past 15 years. More significantly, Frederick County's senior citizen population has increased by 80% since 2000. Unfortunately, senior citizens generally experience little income growth, and as a result struggle to cover increasing housing costs. Further, seniors often choose to dedicate a higher portion of their income to housing costs due to a strong desire to age at home.

As the cost of living in Frederick County continues to rise, it follows reason that these numbers should be adjusted to reflect the future of our growing senior population. According to the Senior Citizens League, in 2017, Social Security beneficiaries received a cost-of-living (COLA) of just 0.3%. This is the lowest COLA in the history of the program. Put simply, those receiving Social Security believe the COLA has not kept pace with inflation. Being on a limited income, most senior households are particularly susceptible to market changes and increasing housing costs.

Currently the Frederick County Senior Citizens' Local Supplement to Homeowners Property Tax Credit has limiting criteria. It requires:

- (1) Taxpayers be at least 65 years old as of the end of the calendar year preceding the taxable year for which the senior citizens' local supplement tax credit is sought;
- (2) Taxpayers must not have a combined gross household income exceeding **\$70,000.00**;
- (3) Taxpayers net worth, not including the value of the property on which the credit is being sought or any qualified retirement savings or individual retirement accounts must be less than **\$200,000.00**; and
- (4) Credit is only granted on the taxes resulting from the first **\$300,000.00** of assessed value of the residence.

The amount of the senior citizens' local supplement to the homeowners property tax credit is equal to 20% of the net Frederick County real property tax after adjustment for all other credits and exemptions.



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Several counties have enacted senior citizens local supplement to homeowners property tax credit legislation. Some have varied the maximum assessed value of one's dwelling, combined net worth, combined household income, and/or the percentage of County property tax due. The following examples from other counties are examples of how this may be done.

Montgomery County, MD enacted similar legislation earlier this year wherein applicant must be 65 years old; have 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. Like Frederick County, Montgomery County's credit is 20% of the County property tax, however it may only be granted for 5 years if individual remains eligible. Montgomery Cnty., Md., Code § 52-10 (through Nov. 20, 2017), *available at* <http://library.amlegal.com/alpscripts/get-content.aspx>. This bill acknowledges the ever-increasing property value in the County, thus allowing more senior citizens eligibility. **The proposed bill is only increasing the assessed value of the residence from \$300,000.00 to \$350,000.00.** These are still modest numbers in comparison.

The Carroll County, MD Senior Property Tax Credit Program requires homeowners be 65 years old; with a **combined net worth not exceeding \$500,000.00**, or whose combined income exceeds \$50,000.00. The limitation on the assessed value of the dwelling determining the real property tax shall be less than \$300,000.00. In this instance, the **combined net worth exceeds Frederick County's current requirement of \$200,000.00.** The county supplemental property tax credit is the total real property tax on a dwelling, less the percentage of the combined income of the homeowner, and the state property tax. This equation takes the place of the percentage qualification in Frederick County. Carroll Cnty., Md., Code § 33.39 (through Nov. 20, 2017), *available at* <http://library.amlegal.com/alpscripts/get-content.aspx>.

In Howard County, MD the Senior Citizen Tax Credit is available to 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 2. For tax year 2017, that limit is **\$81,200.00**. The combined net worth of the household must not exceed **\$500,000.00**. The amount of the credit is 25% of the County property tax due in the current year. Howard Cnty., Md., Code § 20.129 (through Nov. 20, 2017), *available at* https://library.municode.com/md/howard_county/codes/code_of_ordinances?nodeId=HOCOCO_TIT20TACHFE_SUBTITLE_1REPRTAADCREN_PTIISTTHHOCOTACR_S20.129PRTACRSECI

These three examples indicate there are several areas where Frederick County could change their requirements to expand the eligibility requirements to include more senior citizens. The following bill is one method worth considering, that would benefit more of Frederick County's growing senior population.



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What will the new bill do?

The new bill will do three things to make more seniors eligible for this valuable tax credit:

- (1) Raise the combined gross household income eligibility requirement to **\$85,000.00**;
- (2) Raise taxpayers net worth eligibility requirement, not including property value on which credit is being sought or any qualified retirement savings or individual retirement accounts to no more than **\$250,000.00**; and
- (3) Grant the property tax credit on taxes resulting from the first **\$350,000.00** of assessed value of the residence.

The amount of the senior citizens' local supplement to the homeowners property tax credit is equal to 20% of the net Frederick County real property tax after adjustment for all other credits and exemptions.

These adjustments will expand the number of seniors that may qualify for the senior citizens' local supplement to the homeowners property tax credit.



Bill No. _____

Concerning: Senior Citizens' Local

Supplement to Homeowners Property Tax

Credit

Introduced: _____

Revised: _____ Draft No. _____

Enacted: _____

Effective: _____

Expires: _____

Frederick County Code, Chapter 1-8

Section(s) 66

COUNTY COUNCIL FOR FREDERICK COUNTY, MARYLAND

By: Council Member Kirby Delauter

AN ACT to alter the Senior Citizens' Local Supplement to Homeowners Property Tax Credit program.

Executive: _____ Date Received: _____

Approved: _____ Date: _____

Vetoed: _____ Date: _____

By amending:

Frederick County Code, Chapter, 1-8 Section(s) 66

Other: _____

Boldface

Underlining

[Single boldface brackets]

Heading or defined term.

Added to existing law by original bill.

Deleted from existing law by original bill.

Existing law unaffected by bill.

Bill No. _____

The County Council of Frederick County, Maryland, finds it necessary and appropriate to specify certain eligibility requirements, whose authority is granted to the county governing body under Md. Code Ann., Tax-Property § 9-215, for the Senior Citizens' Local Supplement to Homeowners Property Tax Credit.

NOW, THEREFORE, BE IT IN ENACTED BY THE COUNTY COUNCIL OF FREDERICK COUNTY, MARYLAND, that the Frederick County Code be, and it is hereby, amended as shown on the attached Exhibit 1.

Harold F. (Bud) Otis, President
County Council of Frederick County,
Maryland

§ 1-8-66. SENIOR CITIZENS' LOCAL SUPPLEMENT TO HOMEOWNERS PROPERTY TAX CREDIT

(B) Except as otherwise expressly stated in this section, all eligibility requirements, statutory definitions, restrictions and procedures that apply to the homeowners property tax credit granted under Md. Code Ann., Tax Property Article, § 9-104, also apply to this senior citizens' local supplement to homeowners property tax credit.

(C) Eligibility for this senior citizens' local supplement.

(1) Taxpayers must be at least 65 years old as of the end of the calendar year preceding the taxable year for which the senior citizens' local supplement tax credit is sought; and

(2) Taxpayers must not have [a] an annual combined gross household income exceeding \$85,000.00 [~~\$70,000.00~~].

(3) Taxpayers net worth, not including the value of the property on which the credit is being sought or any qualified retirement savings or individual retirement accounts, must be less than \$250,000.00.

(D) The amount of the senior citizens' local supplement to the homeowners property tax credit is equal to 20% of the net Frederick County real property tax after adjustment for all other credits and exemptions. The amount of this senior citizens' local supplement tax credit may not exceed the amount due for net Frederick County real property tax. This senior citizens' local supplement tax credit does not apply to other than county real property tax; it does not apply to excise or other taxes such as fire or to special assessments. This Property Tax Credit is only granted on the taxes resulting from the first \$350,000.00 of assessed value of the property.

*Underlining indicates entirely new matter added to existing law.
[Single boldface brackets] indicates matter deleted from existing law.
*** - indicates existing law unaffected by bill.*