



FREDERICK COUNTY GOVERNMENT
COUNTY COUNCIL

To: County Council
From: Council Member Jerry Donald
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 increase the percentage adjustment applied to determine property tax credit for senior citizens whose gross household income is \$30,000.00 or less?

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 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.



FREDERICK COUNTY GOVERNMENT

COUNTY COUNCIL

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 Carroll County, MD Senior Property Tax Credit Program requires a 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

It is possible to adjust several variables to make the tax credit beneficial for more senior citizens. Each County uses different numbers to quantify eligibility. Frederick County has room to adjust its numbers should it choose to. The proposed bill is just one method worth considering.



FREDERICK COUNTY GOVERNMENT
COUNTY COUNCIL

What will the new bill do?

The new bill will cause lower income senior citizens to be eligible for a larger percentage of the homeowners property tax credit of the net Frederick County real property tax. The amount of the new local property tax credit will be calculated as follows.

(a) If senior citizen taxpayers have a combined **gross household income of \$30,000.00 or less**, the amount of the senior citizens' local supplement to the homeowners property tax credit is equal to **40% of the net Frederick County real property tax** after adjustment for all other credits and exemptions.

(b) If senior citizen taxpayers have a combined gross household income greater than \$30,000.00, but not more than \$70,000.00, 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.

This bill affords a larger tax credit to lower income seniors, while retaining the 20% tax credit to seniors with a combined gross income greater than \$30,000.00 but less than \$70,000.00.



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 Jerry Donald

AN ACT to: increase the percentage adjustment applied to determine property tax credit for senior citizens whose gross household income is \$30,000.00 or less.

Executive: _____ Date Received: _____

Approved: _____ Date: _____

Vetoed: _____ Date: _____

By amending:

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

Other: _____

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

Bill No. _____

The County Council of Frederick County, Maryland, finds it necessary and appropriate to amend the Frederick County Code to increase the percentage adjustment applied to determine property tax credit for senior citizens whose gross household income is \$30,000.00 or less.

NOW, THEREFORE, BE IT 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 combined gross household income exceeding \$70,000.00.

(a) If taxpayers have a combined gross household income of \$30,000.00 or less, the amount of the senior citizens' local supplement to the homeowners property tax credit is equal to 40% of the net Frederick County real property tax after adjustment for all other credits and exemptions.

(b) If taxpayers have a combined gross household income greater than \$30,000.00, but not more than \$70,000.000, 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.

(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.

Underlining indicates matter added to existing law.

[Single boldface brackets] indicates matter deleted from existing law.

*** - indicates existing law unaffected by bill.