




FREDERICK COUNTY GOVERNMENT

Jan H. Gardner
County Executive

OFFICE OF THE COUNTY EXECUTIVE *Raymond V. Barnes, Jr., Chief Administrative Officer*

TO: County Council

FROM: County Executive Jan H. Gardner 

DATE: March 15, 2018

SUBJECT: Comments on Council Bill #18-07 and 18-08 – Senior Citizens Local Supplement to Homeowners Property Tax Credit

The following comments are presented concerning Council Bills #18-08 and 18-09, Senior Citizens Local Supplement to Homeowners Property Tax Credit as prepared by Council Members Donald and Delauter. These two bills would modify the current Senior Tax Credit program in different ways.

The Senior Tax Credit program currently in place is available to homeowners who are 65 years old, whose household income does not exceed \$70,000 and whose net worth does not exceed \$200,000 (not including home and retirement income accounts). The current program also limits the applicability of the tax credit to the first \$300,000 of the assessed value. The current Senior Tax Credit program allows the property tax credit to extend for as long as the homeowner owns the property and remains income/net worth eligible.

Bill #18-07 submitted by Council Member Donald, would modify the current program by increasing the tax credit from 20% to 40% for homeowners whose household income is \$30,000 or less. It also raises the upper income limitation to qualify for the program from \$70,000 to \$75,000.

Bill #18-08 submitted by Council Member Delauter would modify the upper income limitation to qualify from the program from \$70,000 to \$85,000. The bill also increases the maximum net worth limitation from \$200,000 to \$250,000. The bill also limits the applicability of the tax credit for the first \$350,000 of the assessed value of the property.

Fiscal notes have been prepared for both bills. The fiscal impact of each bill is relatively similar. (Bill #18-07 would have a revenue impact of -\$286,185 based on current participation rates. Bill #18-08 would have a revenue impact of -\$242,328 based on current participation rates.) Of significance, for reasons as detailed in the fiscal note (having to do with the proposed increase in net worth) Bill #18-08 would not meet State Department of Assessment and Taxation (SDAT) program requirements to assist in the administration of the program. The Finance Division anticipates one additional FTE would be needed to administer Bill #18-08 without the support of SDAT.

The Administration supports Bill #18-07 as drafted by Council Member Donald. In particular the Administration supports the positive impact of the Bill #18-07 has on lower income households whose taxes would be adjusted by 40% instead of 20%. The Administration also supports the bill because SDAT would continue to support administration of the Senior Tax Credit Program, thereby reducing County costs.

The Administration would also note that Bill #18-08 has features that we would have no objection to. In particular we would have no objection to raising the upper income limitation for the program to \$85,000. We also have no objection, as proposed in Bill #18-08, if eligibility is adjusted from \$300,000 to the first \$350,000 of assessed value of the property. Both these changes would support affordable housing efforts for seniors in Frederick County. We would suggest that the Council give consideration to these two elements of Bill #18-08 prior to making a final decision on this bill.

Finally the fiscal note attached states that if the final legislation is not approved by April 15, 2018, programming changes that would be needed at SDAT could not be implemented for the upcoming July 1, 2018 tax bill. Unless this deadline can be met, any changes to the existing program would need to take effect for the tax bill on July 1, 2019.