AGENDA ITEM 5B
October 28, 2014
Action

MEMORANDUM

October 24, 2014

TO: County Council

FROM: Josh Hamlin, Legislative Attorney

SUBJECT: **Action:** Bill 17-14, Property Tax Credit – Senior Citizens of Limited Income

Government Operations and Fiscal Policy Committee recommendation (3-0): enact the Bill with amendments.

Bill 17-14, Property Tax Credit – Senior Citizens of Limited Income, sponsored by Councilmembers Riemer, Andrews, Floreen, Branson, Navarro, Berliner and Council President Rice, was introduced on March 4, 2014. A public hearing was held on April 29 and a Government Operations and Fiscal Policy Committee worksession was held on October 20.

Bill 17-14 would double the amount of each year's property tax credit for senior citizens of limited income from 25% to 50% of the State and County Homeowners' Property Tax Credit awarded in that year.

Background

Current County law allows a property tax credit for homeowners at least 70 years old who qualify for the County supplement to the State Homeowners' Property Tax Credit ("circuit-breaker"). The amount of the current credit is 25% of the circuit-breaker supplement that the taxpayer receives in that tax year. The taxpayer does not have to apply separately for this credit. The taxpayer's application for the circuit-breaker credit serves to determine eligibility, as long as the taxpayer shows that an owner-occupant of the property is at least 70 years old.

The 25% credit was established in 2006 by Bill 35-06 after the Maryland General Assembly enabled counties to establish a credit. During discussion of Bill 35-06, the Commission on Aging recommended setting the amount of the credit at 50%, but Bill 35-06 was enacted with the credit set at 25%.

Public Hearing and Correspondence

There were three speakers at the public hearing. Joseph Beach, Director of Finance testified on behalf of the Executive in support of the Bill (©9). He pointed out that since 2009, the number of people aged 60 and over living at or below 100 percent of the federal poverty level (FPL) has increased 30 percent, and the number living between 100 and 149 percent of the FPL has risen 19 percent. Rudolph Oswald, co-chair of the Public Policy Committee of the Commission on Aging, expressed the Commission's strong support for the Bill as an important tool to help many senior citizens stay in their homes (©10). Finally, Greg Ford, 2014 President of the Greater Capital Area Association of Realtors (GCAAR), spoke on behalf of GCAAR in support of the Bill (©11-12). In addition to the speakers, correspondence in support of the Bill was received from the Community Action Board (©13-14), Manna Food Center (©15), and the Primary Care Coalition (©16).

Issue/Committee Recommendation

Should the minimum age of eligibility for the credit be changed to 65 years old?

The 2006 State enabling law provided that the County could grant a credit to an individual who is at least 70 years old. In 2009, the Maryland General Assembly changed the minimum age of eligibility for the credit from 70 to 65 years of age. Because an eligible homeowner must be *at least* 65 years old under State law, the County's higher age threshold is permissible, but if there is a desire to expand the scope of the credit, the Committee may wish to consider a corresponding change. Using the numbers in the Fiscal and Economic Impact Statement provided for the Bill, staff estimates the additional cost of such a change as follows:

Using the numbers in the FEIS for the Bill as the starting point, if the credit is increased from 25% to 50% of the circuitbreaker, the estimated program cost would go from this:

Current Program						
	FY15	FY16	FY17	FY18	FY19	FY20
Recipients (70+)	3068	3100	3100	3100	3100	3100
Avg. Credit[1] (25%)	193.88	201.64	209.70	218.09	226.81	235.88
Total	594,824	625,069	650,072	676,075	703,118	731,242

to this:

If Bill 17-14 is enacted as drafted						
	FY15	FY16	FY17	FY18	FY19	FY20
Recipients (70+)	3068	3100	3100	3100	3100	3100
Avg. Credit (50%)	387.76	403.28	419.40	436.18	453.62	471.76
Total	1,189,648	1,250,138	1,300,144	1,352,150	1,406,236	1,462,484

and if, in addition to increasing the credit, the pool of eligible recipients were expanded to those age 65 and older, it would go to this:

If Bill 17-14 is enacted with amendment to lower the minimum eligible age to 65						
	FY15	FY16	FY17	FY18	FY19	FY20
Recipients (65+)[2]	4400	4430	4430	4430	4430	4430
Avg. Credit (50%)	387.76	403.28	419.40	436.18	453.62	471.76
Total	1,706,144	1,786,530	1,857,942	1,932,277	2,009,537	2,089,897

[1] Assumes average annual increases of 4%.
[2] Assumes, per the HB781 (2009) assumption, that persons between ages 65 and 69 are 30% of all persons aged 65 and over.

Committee Recommendation (3-0): Amend the Bill to make the minimum eligible age for the credit 65 years old, as follows:

Add the following before line 4 of the Committee draft:

(a) The Director of Finance must allow a tax credit each year against the general County tax and all special service area taxes imposed on any real property that is owned by, and is the principal residence of, an individual who:

(1) is at least [[70]] 65 years old; and

(2) qualifies to receive either the state Homeowners' Property Tax Credit or the County supplement to the Homeowners' Property Tax Credit under Section 52-11A, or both.

Add the following after line 6 of the Committee draft:

(c) The Director must apply this credit automatically each year to the property tax due from any eligible taxpayer. A taxpayer need not file an application, other than the application filed to receive the Homeowners' Property Tax Credit, to receive this credit. To qualify for this tax credit, the taxpayer must show in that application that at least one individual who owns and resides in the applicable residence is at least [[70]] 65 years old.

Effective Date

As the Bill was introduced in March of this year, it was drafted to take effect on July 1, 2014. Staff recommends amending the effective date to July 1, 2015, so that the Bill can be prospective in application.

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Bill No. 17-14
Concerning: Property Tax Credit – Senior Citizens of Limited Income
Revised: 10/20/2014 Draft No. 2
Introduced: March 4, 2014
Expires: September 4, 2015
Enacted:
Executive:
Effective:
Sunset Date: None
Ch. ____, Laws of Mont. Co. ____

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: Councilmembers Riemer, Andrews, Floreen, Branson, Navarro, Berliner and Council President Rice

AN ACT to:

(1) increase the amount of the property tax credit for senior citizens of limited income; and
(2) generally amend the County law regarding property tax credits.

By amending
Montgomery County Code
Chapter 52, Taxation
Section 52-11C, Property tax credit – senior citizens of limited income

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

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

Sec 1. Section 52-11C is amended as follows:

52-11C. Property tax credit — senior citizens of limited income.

(a) The Director of Finance must allow a tax credit each year against the general County tax and all special service area taxes imposed on any real property that is owned by, and is the principal residence of, an individual who:

(1) is at least [[70]] _65_ years old; and

(2) qualifies to receive either the state Homeowners' Property Tax Credit or the County supplement to the Homeowners' Property Tax Credit under Section 52-11A, or both.

(b) For each taxable year, the credit under this Section equals [25%] _50%_ of the total state and County credit awarded for that tax year under state law and Section 52-11A.

(c) The Director must apply this credit automatically each year to the property tax due from any eligible taxpayer. A taxpayer need not file an application, other than the application filed to receive the Homeowners' Property Tax Credit, to receive this credit. To qualify for this tax credit, the taxpayer must show in that application that at least one individual who owns and resides in the applicable residence is at least [[70]] _65_ years old.

* * *

Sec 2. Effective Date.

The amendment to Section 52-11C in Section 1 of this Act takes effect on July 1, 2014 and applies to any tax year that begins on or after that date.

LEGISLATIVE REQUEST REPORT

Bill 17-14

Property Tax Credit – Senior Citizens of Limited Income

DESCRIPTION:	Bill 17-14 would double the amount of each year's property tax credit for senior citizens of limited income from 25% to 50% of the State and County Homeowners' Property Tax Credit awarded in that year.
PROBLEM:	The County wishes to increase financial assistance to residents most in need.
GOALS AND OBJECTIVES:	To provide additional property tax relief to senior citizens of limited income.
COORDINATION:	Office of Finance
FISCAL IMPACT:	To be requested.
ECONOMIC IMPACT:	To be requested.
EVALUATION:	To be requested.
EXPERIENCE ELSEWHERE:	To be researched.
SOURCE OF INFORMATION:	Josh Hamlin, 240-777-7892
APPLICATION WITHIN MUNICIPALITIES:	Tax credit applies Countywide.
PENALTIES:	Not applicable.

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B 17-14

JH
cc
SOF
LL

ROCKVILLE, MARYLAND

MEMORANDUM

March 18, 2014

TO: Craig Rice, President, County Council

FROM: Jennifer A. Hughes, Director, Office of Management and Budget
Joseph F. Beach, Director, Department of Finance

SUBJECT: FEIS for Bill 17-14, Property Tax Credit-Senior Citizens of Limited Income

Please find attached the fiscal and economic impact statements for the above-referenced legislation.

JAH:fz

cc: Bonnie Kirkland, Assistant Chief Administrative Officer
Lisa Austin, Offices of the County Executive
Joy Nurmi, Special Assistant to the County Executive
Patrick Lacefield, Director, Public Information Office
Joseph F. Beach, Director, Department of Finance
Michael Coveyou, Department of Finance
David Platt, Department of Finance
Robert Hagedoorn, Department of Finance
Jedediah Millard, Office of Management and Budget
Blaise DeFazio, Office of Management and Budget
Alex Espinosa, Office of Management and Budget
Felicia Zhang, Office of Management and Budget
Naeem Mia, Office of Management and Budget

Fiscal Impact Statement
Council Bill 17-14, Property Tax Credit – Senior Citizens of Limited Income

1. Legislative Summary

   This legislation would double the amount of each year's property tax credit for senior citizens of limited income from 25 percent to 50 percent of the State and County Homeowners' Property Tax Credit awarded that year.

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.

   Under the current program, the number of recipients was 3,063 in levy year 2012. Finance assumes that the number of recipients will remain the same under the proposed legislation. Also, under the current program, the average credit increased at an average annual rate of 4 percent. Therefore, Finance assumes that the average credit will increase from $179.15 in levy 2012 to $193.88 in levy year 2014 (fiscal year 2015). The total amount for the program, under the current program, would increase from $548,733 to approximately $593,850 by levy year 2014.

   The bill proposes to increases the tax credit from 25 percent or 50 percent thereby doubling the amount of the average credit from $193.88 to $387.76 for each recipient. Therefore, the total amount of the program would be approximately $1,187,700 in levy year 2015.

   Sources of information: Department of Finance and the Department of Finance's *Tax Expenditure Report*, June 2013

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

   Finance assumes that the number of recipients will effectively remain constant through the next six fiscal years with average annual increases of 4%.

	FY15	**FY16**	**FY17**	**FY18**	**FY19**	**FY20**
Recipients	3068	3100	3100	3100	3100	3100
Average Credit*	193.88	201.64	209.70	218.09	226.81	235.88
Total	**594,824**	**625,069**	**650,072**	**676,075**	**703,118**	**731,242**

*Includes 4% average annual increase

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

   N/A

5. Later actions that may affect future revenue and expenditures if the bill authorizes future spending.

   N/A

6. An estimate of the staff time needed to implement the bill.

   The Department of Finance does not anticipate the need for additional staff time needed to implement Bill 17-14.

7. An explanation of how the addition of new staff responsibilities would affect other duties.

   See #6

8. An estimate of costs when an additional appropriation is needed.

   N/A

9. A description of any variable that could affect revenue and cost estimates.

   Variables affecting the cost of this program include the number of recipients and the rate of the match to the County and State Homeowner's Property Tax Credit (25 percent currently, 50 percent proposed by Bill 17-14).

10. Ranges of revenue or expenditures that are uncertain or difficult to project.

    N/A

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

    N/A

12. Other fiscal impacts or comments.

    N/A

13. The following contributed to and concurred with this analysis: (Enter name and department).

    Jedediah Millard – Office of Management and Budget

    Robert Hagedoorn – Department of Finance

Jennifer A. Hughes

Jennifer A. Hughes, Director
Office of Management and Budget

3/18/14
Date

Economic Impact Statement
Bill 17-14, Property Tax Credit – Senior Citizens of Limited Income

Background:

This legislation would double the amount of each year's property tax credit for senior citizens of limited income from 25 percent to 50 percent of the State and County Homeowners' Property Tax Credit awarded that year.

1. The sources of information, assumptions, and methodologies used.

Department of Finance, *Tax Expenditure Report*, June 2013.

The report provides a description and data on the estimated number of recipients of the senior tax credit and the amount of the credit. Based on the latest data for levy year 2012, there were an estimated 3,063 recipients who received a total of $548,733 or $179.15 per recipient. In levy year 2011, the average credit was $173.81 and in levy year 2010, the average credit was $165.40.

2. A description of any variable that could affect the economic impact estimates.

The variables that could affect the economic impact are the number of recipients and the average credit. Under the current program, the number of recipients was 3,063 in levy 2012. Finance assumes that the number of recipients will remain the same under the proposed legislation. Also, under the current program, the average credit increased at an average annual rate of 4 percent. Therefore, Finance assumes that the average credit will increase from $179.15 in levy 2012 to $193.88 in levy year 2014 (fiscal year 2015). The total amount for the program, under the current program, would increase from $548,733 to approximately $593,850 by levy year 2014.

The bill proposes to increase the tax credit from 25 percent or 50 percent thereby doubling the amount of the average credit from $193.88 to $387.76 for each recipient. Therefore, the total amount of the program would be approximately $1,187,700 in levy year 2015.

3. The Bill's positive or negative effect, if any on employment, spending, saving, investment, incomes, and property values in the County.

The bill would have a positive economic effect on senior citizens who are currently eligible for the senior tax credit. Their average annual disposable income would increase from approximately $194 dollars per year to approximately $388 dollars per year. This bill is not assumed to have a material effect on employment, investment, and property values.

Economic Impact Statement
Bill 17-14, Property Tax Credit – Senior Citizens of Limited Income

4. If a Bill is likely to have no economic impact, why is that the case?

See #3

5. **The following contributed to and concurred with this analysis**: David Platt and Robert Hagedoorn of the Department of Finance.

Joseph F. Beach, Director
Department of Finance

2/18/14
Date

(8)

TESTIMONY ON BEHALF OF COUNTY EXECUTIVE ISIAH LEGGETT ON COUNCIL BILL 17-14, PROPERTY TAX CREDIT – SENIOR CITIZENS OF LIMITED INCOME

April 29, 2014

Good afternoon, my name is Joseph Beach, Director of the County Department of Finance and I am here on behalf of County Executive Isiah Leggett to testify in support of Council Bill 17-14, Property Tax Credit – Senior Citizens Of Limited Income.

Council Bill 17-14 would double the amount of each year's property tax credit for low-income seniors from 25% to 50% of the State and County property tax credit awarded that year. The Executive supports this bill as it will help advance the "Senior Agenda" adopted by both the County Executive and Council and support the work of the Senior Subcabinet on Vital Living.

This agenda has as its primary goal making Montgomery County a "community for a lifetime"—a place where older adults can age in place/community, which extensive research attests is the desire of over 90 percent of seniors. Housing costs in Montgomery County are a significant barrier to low-income seniors being able to remain in their homes and neighborhood.

In Montgomery County, since 2009 the number of people 60 and over who are living at or below 100 percent of the Federal poverty Level (FPL) has risen 30 percent, and the number living between 100-149 percent of FPL has risen 19 percent. In 2012, for residents 60 years of age or older, 26 percent of Owner-occupied households spent 30 percent or more of their income on housing and are considered "housing burdened." A doubling of the property tax credit would bring needed financial relief to these senior households.

I urge the Council to support this legislation. Thank you for permitting me the time to address the County Council on this important matter.

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COMMISSION ON AGING

April 29, 2014

My name is Rudolph Oswald. I am co-chair of the Public Policy Committee of the Montgomery County Commission on Aging. The Commission on Aging strongly supports the proposal to double the Montgomery County's Senior Property Tax Credit. It will help many seniors with low incomes remain in their own homes. It meets one of the Commission's primary goals of aiding Montgomery County residents to age in place.

The state "circuit breaker," was first enacted in 1975 to meet low-income families with their real estate taxes. The actual state credits have not changed since 2006. However property taxes and property evaluations have continued to rise. Seniors are particularly vulnerable as many are on fixed incomes that do not rise with inflation, and often face increases in health expenditures. While Social Security rises with inflation, most pensions and savings in IRA's or other retirement accounts do not adjust to rising prices. An 85 year old has seen his or her once adequate income eroded through 20 or more years of retirement without inflation adjustments.

The proposal, updating the current County program for seniors age 70 and over is an important step in helping low income residents stay in their own homes. The proposal adds 25% to the combined State Homeowners Tax Credit and the County Supplement. The state criteria already limits the income level and the family net worth for eligibility. The County may wish to review these criteria in terms of their application to Montgomery County and its higher property evaluations.

The state criteria limits the tax credit to the first $300,000 of property valuation. Many Montgomery County properties have higher evaluations. Currently 3,063 are recipients of this County supplement to the "circuit breaker". This proposal is a step to help those County residents most in need, but the program itself should be broadened to meet the burdens on the near-poor. This program needs to be up-dated and better publicized.

The community that I live in is called Montgomery Square. It is situated at Seven Locks and Montrose Roads. Similar to many other communities in the county, it was built 50 years ago. Initially, nearly every house was populated with children. Now, 50 years later many of these same families still reside in the homes that purchased to house their young families. Now instead of working families, there are retiree's families, older couples, widows, widowers, and single retirees. Many have paid off their mortgagees and their biggest housing cost is now their property bill. While their housing prices rise on paper, they translate into higher property tax evaluations. They often are property rich, but income poor. Many of these homes initially sold for $40,000 to $50,000. Now they sell for 10 to 15 times that value, which becomes incorporated into their property tax evaluations. Retirement income has been eroded by time and inflation. Many are struggling with property tax burdens, though they fail to meet the criteria of the state circuit-breaker income levels.

The Commission on Aging urges the Council to support this proposal that helps many long term residents stay in their own homes.

Department of Health and Human Services
401 Hungerford Drive, 4th Floor, Rockville, Maryland, 20850 240-777-1120, FAX 240-777-1436
www.montgomerycountymd.gov/hhs

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GREATER CAPITAL AREA ASSOCIATION OF REALTORS®

TESTIMONY OF *THE GREATER CAPITAL AREA ASSOCIATION OF REALTORS®* BEFORE THE MONTGOMERY COUNTY COUNCIL IN SUPPORT OF Bill 17-14, *"Property Tax Credit – Senior Citizens of Limited Income"*

April 29, 2014

Council President Rice and members of the County Council, my name is Greg Ford and I am the 2014 President for the Greater Capital Area Association of REALTORS® ("GCAAR") – the voice of Montgomery County and the District of Columbia's more than 8500 REALTORS®, property managers, title attorneys and other real estate professionals. On behalf of GCAAR, I would like to voice our support for Bill 17-14, "*Property Tax Credit—Senior Citizens of Limited Income.*"

GCAAR commends the Council for introducing Bill 17-14, aimed at helping senior property owners of limited means age in place. As housing prices rise, our members recognize corresponding property taxes can become one of the biggest expenses for those living on a fixed income such as senior citizens or those facing retirement. Raising the current Senior Citizens of Limited Income Property Tax Credit ("Credit") rate from 25% of the combined State Homeowners' Tax Credit and County Supplement to 50% will certainly ease mounting cost of living burdens for eligible residents.

GCAAR would further encourage the Council to take Bill 17-14 further by expanding its eligibility requirements. First and foremost, we recommend amending the definition of 'limited income' to allow for a greater number of senior citizens eligible for the Credit. It is our understanding that even senior citizens only receiving around $30,000 from Social Security proceeds (near the County's poverty limits) may not qualify for the Credit based on the current calculation formula. Our Association believes it would be reasonable to allow for senior citizens living on such low and moderate incomes to qualify for the Credit.

We also recommend the Council consider opening the benefits of Bill 17-14 to include all persons with disabilities of limited income, as they are amongst the most vulnerable of the County's populations. Unfortunately, residents with disabilities are often unable to work and any income they may receive is barely enough to cover their essential living expenses. Allocating for a modest property tax credit could help them put those funds towards critical medical costs or care.

Finally, GCAAR asks the Council to evaluate options for offering additional property tax credits to the widows of veterans. While we are aware of certain property tax benefits for veteran's widows, to our knowledge these are limited to the homes they occupied with their late spouses. Our membership values the commitment our soldiers and their spouses make to our Country and believe the widows of veterans deserve to carryover any property tax benefits they receive if they choose to move homes.

Overall, GCAAR strongly supports the goal of Bill 17-14 and sees it as an opportunity to give even more of our most vulnerable residents living on limited income the ability stay in their homes. We urge the Council to expand the pool of senior citizens who qualify for the Credit by increasing its income eligibility limits, as well as consider offering the benefits to the disabled and veterans' widows.

GCAAR sincerely thanks the members of the County Council for consideration of our Association's perspective on these very important issues.

Montgomery County Community Action Board's
County Council Testimony

Tuesday, April 29, 2014

Walter Woods, Jr.
Community Action Board Chair

Good afternoon Mr. President, and members of the Montgomery County Council.

My name is Walter Woods, Jr., and I am the Chair of the Community Action Board of the Montgomery County Community Action Agency, the county's anti-poverty group and governing board for Head Start and the Community Service Block Grants (CSBG).

2014 is an important year for the Community Action Agency, as it marks the 50th anniversary of the War on Poverty. We have been advising the County Council about key matters affecting people in poverty since 1968.

I would like to start by thanking the County Council for its ongoing efforts to address the needs of low-income residents in the County. We are especially grateful for your leadership in addressing gaps in CSBG funding, supporting affordable housing through the 100,000 Homes Campaign, restoring EITC funding for County residents through the Working Families Income Supplement legislation, for raising the minimum wage, and for adding funding to WPA.

The bill before us today would continue the Council's efforts to assist some of the most vulnerable members of our community. Although Montgomery County is one of the eleven wealthiest counties in the country, poverty remains a significant concern. 6.5% of residents, or 63,154 people, live below the Federal Poverty Line. Although this number is significant, the 2012 Family Self-Sufficiency Standard is a far more accurate measure of what it actually costs to live in the County.

For over 20 years, our Community Action Board has supported the use of the Self-Sufficiency Standard to reflect the true cost of living in Montgomery County, **which is why we have requested ongoing funding from the County Council to maintain the production of the Self-Sufficiency Standard, and tie it with Census data.**

The Self-Sufficiency Standard measures how much income a family of a certain composition in a given place needs to adequately meet their basic needs without public or private assistance. Due to the high cost of living in the County, the Self-Sufficiency Standard is significantly higher than the Federal Poverty Line. For example, the Federal Poverty Line is $11,670 for a single adult, but the Self-Sufficiency Standard for a single adult in Montgomery County is $36,060.

The Community Action Board strongly supports tax credits as an effective way to address the needs of low-income residents and expand affordable housing in the County. The 2012 Self-Sufficiency Standard for Maryland indicates that the cost of housing in the County has increased by 62% since 2001, vs. 50% statewide. During this same period, wages have only increased by 17%. Bill 17-14, the Senior Property Tax Credit, will increase the property tax credit for low-income seniors, a demographic group that will continue to grow in the coming years. This legislation will be particularly helpful because it targets those who are 70+ years old. As seniors age, poverty increases, especially for those over age 75.

Our analysis of the American Community Survey indicates that 29,809 County residents 65 or older have incomes less than 3 times the Federal Poverty Level. This number reflects **one quarter** of all seniors in Montgomery County. Because this legislation will allow for a progressive tax credit, seniors with the lowest incomes will benefit the most.

In conclusion, we ask that you support low-income seniors through passage of Bill 17-14. This legislation will serve as an effective tool in your ongoing efforts to address the needs of the increasing number of low-income seniors throughout Montgomery County.

Thank you President Rice and members of the Council for your time. We hope we'll see you on May 27th at CAB's Community Action Month event to acknowledge leaders in the community dedicated to eliminating poverty in Montgomery County.

manna food center

fighting hunger and feeding hope in montgomery county

TO: Councilmember Hans Riemer
FM: Jackie DeCarlo, Executive Director
RE: The senior property tax credit
DT: April 29, 2014

Manna Food Center is working to end hunger in Montgomery County by sharing food on a daily basis with individuals and families who experience food insecurity and often lack access to healthy, nutritious meals. Many of our program participants are seniors who are living on fixed incomes and struggling to cover the costs of housing, food, and medical care. Manna collaborates with the Housing Opportunity Commission to distribute food to seniors in several communities.

Just last week I received a handwritten thank you note from a woman in Bethesda. She said,

> "I want to thank you for giving me food each month. I am 87 years old and used all my resources up—just lived too long. It really means a lot to have extras as I only get $15.00 in food stamps."

Because seniors often have limited financial resources, even as participants in existing social service programs, Manna support efforts to help seniors stretch their budget to maintain a dignified quality of life. We know that the poverty-related issues impacting our vulnerable neighbors—such as the cost of housing for seniors-- are inter-related and complex. We appreciate your leadership in creating opportunities to strengthen our County's social safety net.

9311 Gaither Rd ~ Gaithersburg, MD 20877 ~ 240.268.2524 ~ Jackie@mannafood.org
www.mannafood.org Twitter @mannafoodcenter

primary care coalition
of Montgomery County, Maryland

making
health care
happen

8757 Georgia Ave.
10th Floor
Silver Spring, MD
20910

T: 301.628.3405
F: 301.608.2384

April 29, 2014

Montgomery County Council
100 Maryland Avenue
Rockville, MD 20850

Re: Bill 17-14, Senior Property Tax Credit

Dear Montgomery County Council Members:

I am writing today to express my support, and the support of the Primary Care Coalition (PCC), for Bill 17-14 that doubles Montgomery County's Senior Property Tax Credit.

For years, the PCC has partnered with the County, along with 12 independent clinics, five hospitals, and a host of private providers, to provide access to health services for low-income residents who are not eligible for state or federal insurance programs. In Fiscal Year 2013, 8 percent of the low-income patients receiving health services through Montgomery Cares were age 65+.

What has become evident over our years is that health is about more than access to care; it is also about the social and environmental factors that have an impact on a person's health status. Having a roof over your head is a fundamental need. Housing protects us from the elements and gives us a safe place to rest.

Because older adults often live on limited fixed incomes, it can be difficult to find affordable housing, especially in this time of rising rents. Bill 17-14 will improve economic security and ease the burden of finding affordable housing so that older adults living in Montgomery County no longer have to make the choice between housing, food, transportation, health care, or other basic necessities.

Sincerely,

Steven M. Galen
President and CEO
Primary Care Coalition

1 of 1 DOCUMENT

Annotated Code of Maryland

*** Statutes current through emergency legislation effective May 15, 2014, and legislation effective June 1, 2014 ***
*** 2014 General Assembly Regular Session ***
*** Annotations current through May 1, 2014 ***

TAX - PROPERTY
TITLE 9. PROPERTY TAX CREDITS AND PROPERTY TAX RELIEF
SUBTITLE 2. STATEWIDE OPTIONAL

GO TO MARYLAND STATUTES ARCHIVE DIRECTORY

Md. TAX-PROPERTY Code Ann. § 9-245 (2014)

§ 9-245. Credit for individuals at least 65 years old

(a) In general. -- The Mayor and City Council of Baltimore City or the governing body of a county or of a municipal corporation may grant, by law, a tax credit against the county or municipal corporation property tax imposed on real property that is owned by and used as the principal residence of an individual who is at least 65 years old and of limited income.

(b) Amount, duration, eligibility and regulations. -- 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) additional eligibility criteria for the tax credit under this section;

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

(4) any other provision necessary to carry out this section.

HISTORY: 2006, ch. 455; 2009, ch. 416.

NOTES: EFFECT OF AMENDMENTS. --Chapter 416, Acts 2009, effective June 1, 2009, substituted "65 years" for "70 years" in (a).

EDITOR'S NOTE. --Section 2, ch. 455, Acts 2006, provides that the act shall take effect June 1, 2006, and shall be applicable to all taxable years beginning after June 30, 2006.

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Section 2, ch. 416, Acts 2009, provides that "this Act shall take effect June 1, 2009, and shall be applicable to all taxable years beginning after June 30, 2009."

LexisNexis 50 State Surveys, Legislation & Regulations

Archaeological and Historic Sites

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE
Revised

House Bill 781 (Delegate James, *et al.*)
Ways and Means Budget and Taxation

Property Tax Credit - Seniors

This bill lowers the minimum age requirement, from 70 to 65 years of age, for the existing local property tax credit for senior citizens of limited income.

The bill takes effect June 1, 2009, and applies to all taxable years beginning after June 30, 2009.

Fiscal Summary

State Effect: None.

Local Effect: Assuming local governments grant the tax credit, county and municipal property tax revenues may decrease by a significant amount beginning in FY 2010 depending on the amount of the tax credit granted and the number of eligible recipients. Under one set of assumptions, county revenues may decrease by $10.9 million and municipal revenues may decrease by $637,800. County and municipal expenditures are not affected.

Small Business Effect: None.

Analysis

Current Law: Chapter 455 of 2006 authorized Baltimore City, counties, and municipalities to grant a tax credit against the county or municipal property tax imposed on real property that is owned and used as the principal residence of an individual who is at least 70 years old and of limited income. Local governments are authorized to provide for the amount and duration of the tax credit, additional eligibility criteria for the

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tax credit, regulations and procedures for the application and uniform processing of requests for the tax credit, and any other provisions necessary.

Background: The Homeowners' Property Tax Credit Program (Circuit Breaker) is a State-funded program (*i.e.*, the State reimburses local governments) providing credits against State and local real property taxation for homeowners who qualify based on a sliding scale of property tax liability and income. **Exhibit 1** shows the number of individuals qualifying for the tax credit and the total cost of the program since fiscal 2005, as referenced in the State budget.

Exhibit 1
Homeowners' Property Tax Credit Program
Fiscal 2005-2010

Fiscal Year	Eligible Applications	State Funding	Average Credit Amount
2005 Actual	48,666	$39.5 million	$812
2006 Actual	46,628	41.7 million	893
2007 Actual	48,290	45.6 million	944
2008 Actual	46,618	45.2 million	971
2009 Estimated	46,000	47.2 million	1,026
2010 Allowance	46,000	45.6 million	991

Source: *Maryland State Budget Document for Fiscal 2010, Volume 1*

Local Fiscal Effect: County and municipal property tax revenues may decrease beginning in fiscal 2010 to the extent that local jurisdictions grant the property tax credit authorized by the bill. However, the actual amount of the revenue decrease depends on the amount of any credit granted and the number of eligible homeowners. **Exhibit 2** shows, *for illustrative purposes only*, a potential effect on local governments of granting a 50% local property tax credit for individuals who are 65 to 69 years old and of limited income. The estimate is based on the following facts and assumptions:

- average assessment data for the tax year beginning July 1, 2008;
- current local property tax rates;
- limited income is defined as homeowners currently eligible for the Homeowners' Property Tax Credit Program (Circuit Breaker);

- the homeowners' property tax credit was issued to 33,832 homeowners who are at least 65 years old in fiscal 2009; and
- individuals who are between the ages of 65 and 69 are 30% of all individuals ages 65 and over.

The actual local impact will vary depending on the number of local jurisdictions granting a property tax credit and the eligibility requirements developed by each jurisdiction.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): State Department of Assessments and Taxation, Maryland Department of Planning, Department of Legislative Services

Fiscal Note History: First Reader - March 3, 2009
ncs/hlb Revised - House Third Reader - March 28, 2009

Analysis by: Michael Sanelli

Direct Inquiries to:
(410) 946-5510
(301) 970-5510

Exhibit 2
Potential Impact of a 50% Tax Credit for Homeowners Ages 65-69

County	Average Assessment	Tax Rate	Tax[1]	Eligible Residents 65-69[2]	50% Tax Credit
Allegany	$91,404	$0.9829	$291	207	($30,122)
Anne Arundel	381,086	0.8880	2,593	856	(1,109,570)
Baltimore City	135,657	2.2680	2,036	2,231	(2,270,445)
Baltimore	257,944	1.1000	1,987	1,429	(1,419,509)
Calvert	348,201	0.8920	2,046	135	(137,701)
Caroline	198,075	0.8700	1,009	66	(33,188)
Carroll	320,822	1.0480	2,198	426	(468,622)
Cecil	243,002	0.9600	1,354	185	(125,240)
Charles	314,877	1.0260	2,169	184	(199,060)
Dorchester	179,787	0.8960	866	88	(38,050)
Frederick	328,388	1.0640	2,244	467	(523,581)
Garrett	133,450	1.0000	790	93	(36,787)
Harford	268,904	1.0820	1,744	538	(469,034)
Howard	446,077	1.1495	3,732	408	(761,298)
Kent	246,878	0.9720	1,584	40	(31,317)
Montgomery	525,271	0.9150	3,760	744	(1,398,672)
Prince George's	292,894	1.3190	2,549	1,026	(1,307,994)
Queen Anne's	383,231	0.7700	2,121	91	(96,831)
St. Mary's	291,240	0.8570	1,592	153	(121,444)
Somerset	126,680	0.9200	530	56	(14,910)
Talbot	449,024	0.4490	1,425	24	(16,780)
Washington	219,902	0.9480	1,150	343	(197,339)
Wicomico	173,760	0.8140	675	139	(46,955)
Worcester	284,828	0.7000	1,293	73	(47,354)
Total	**$276,724**			**10,000**	**($10,901,805)**
Municipal Decrease					**($637,756)**

Note: [1] After application of homeowners' property tax credit.
[2] Local governments are already authorized to grant a property tax credit to homeowners who are at least 70 years old and of limited income through Chapter 455 of 2006.