



Committee: GO
Committee Review: At a future date
Staff: Christine Wellons, Senior Legislative Attorney
Purpose: To introduce agenda item – no vote expected

AGENDA ITEM #3A
December 12, 2023
Introduction

SUBJECT

Bill 45-23, Property Tax Credit – Individuals 65 and Above, Retired Military Service Members, and Disabled Military Service Members

Lead Sponsor: Council President Friedson

EXPECTED ATTENDEES

None

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- N/A

DESCRIPTION/ISSUE

Bill 45-23 would:

- (1) alter the eligibility criteria for the property tax credit available to individuals 65 and above, and to retired or disabled military service members and their spouses;
- (2) alter the amounts of the property tax credit; and
- (3) generally amend the property tax credit for individuals 65 and above and for retired or disabled military service members and their spouses.

SUMMARY OF KEY DISCUSSION POINTS

- N/A

This report contains:

Staff Report
Bill 45-23

Pages 1 - 2
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MEMORANDUM

December 7, 2023

TO: County Council

FROM: Christine Wellons, Senior Legislative Attorney

SUBJECT: 45-23, Property Tax Credit – Individuals 65 and Above, Retired Military Service Members

PURPOSE: Introduction – no Council votes required

Bill 45-23, Property Tax Credit – Individuals 65 and Above, Retired Military Service Members, and Disabled Military Service Members, sponsored by Lead Sponsor Council President Friedson, is scheduled for introduction on December 12, 2023. A public hearing is tentatively scheduled for January 23, 2024. The bill will be considered by the Government Operations and Fiscal Policy (GO) Committee.

Bill 45-23 would:

- (1) alter the eligibility criteria for the property tax credit available to individuals 65 and above, and to retired or disabled military service members and their spouses;
- (2) alter the amounts of the property tax credit; and
- (3) generally amend the property tax credit for individuals 65 and above and for retired or disabled military service members and their spouses.

BACKGROUND

Under current County law, certain individuals over age 65 and military retirees (including surviving spouses) may receive a property tax credit equaling 20 percent of the County tax bill. *See [Property Tax Credit for Elderly Individuals and for Military Retirees \(montgomerycountymd.gov\)](http://montgomerycountymd.gov)*

BILL SPECIFICS

The bill would expand eligibility for the County's property tax credit for individuals 65 and above, and for military service members and their spouses, in several ways. First, the bill would expand eligibility to certain disabled veterans and their surviving spouses. (Lines 51-60).

Second, the bill would allow individuals to qualify for the credit if the assessed value of their home does not exceed \$899,999 (which would be increased annually based upon inflation). (Lines 18-23). Currently, the maximum assessed value associated with the credit is \$700,000 for individuals 65 and older and \$599,000 for retired military members and their surviving spouses.

The bill also would increase the number of years an individual may qualify for the credit from 7 to 10 years. (Lines 72-73). Under the bill, the amount of time an individual 65 or older would have to reside in a home in order to qualify for the credit would be reduced from 40 to 25 years. (Lines 31-32).

In addition, the bill would alter the amount of the credit based upon income. Currently, the amount of the credit is 20 percent of the County property tax imposed on the home. Under the bill, the credit amounts would be:

- if the annual income of the applicant is equal to or less than \$90,000, 20 percent of the County property tax imposed on the dwelling;
- if the annual income of the applicant is equal to or less than \$75,000, 35 percent of the County property tax imposed on the dwelling; and
- if the annual income of the applicant is equal to or less than \$50,000, 50 percent of the County property tax imposed on the dwelling.

The bill is enabled by, and consistent with, Maryland law (Section 9-258 of the Tax-Property Article of the Maryland Code). Current recipients of the tax credit would be “grandfathered” into the amended law; their credits would not be diminished by the bill.

This packet contains:
Bill 45-23

Circle #
1

Bill No. 45-23
Concerning: Property Tax Credit –
Individuals 65 and Above, Retired
Military Service Members, and
Disabled Military Service Members
Revised: 12/07/2023 Draft No. 2
Introduced: December 12, 2023
Expires: December 7, 2026
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Council President Friedson

AN ACT to:

- (1) alter the eligibility criteria for the property tax credit available to individuals 65 and above, and to retired or disabled military service members and their spouses;
- (2) alter the amounts of the property tax credit; and
- (3) generally amend the property tax credit for individuals 65 and above and for retired or disabled military service members and their spouses.

By amending

Montgomery County Code
Chapter 52, Taxation
Section 52-110

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 — individuals 65 and above; [and] retired military [services] service members; and disabled military service members.

(a) *Definitions.* In this Section, the following words have the meanings indicated:

Annual income means the gross annual income of a tax filer, as reported to the State of Maryland on a Maryland income tax return.

CPI means the Consumer Price Index for All Urban Consumers (CPI-U) for the Washington-Arlington-Alexandria Core Based Statistical Area (CBSA), as published by the United States Department of Labor, Bureau of Labor Statistics, issued immediately prior to the adoption by the Council of tax levies for the ensuing fiscal year.

Department means the Department of Finance.

Director means the Director of the Department or the Director’s designee.

Dwelling has the same meaning as in § 9-105 of the Tax-Property Article of the Maryland Code.

Qualifying amount means:

- (1) for the 2023 tax year, \$899,900;
- (2) for each subsequent tax year, the qualifying amount of the prior tax year, increased by the lesser of:
 - (A) 5 percent; or
 - (B) the CPI.

Service-connected disability means a disability confirmed by a rating decision of the U.S. Department of Veterans Affairs.

- 26 (b) *Credit.* As authorized by § 9-258 of the Tax-Property Article of the
 27 Maryland Code, an eligible individual may receive a credit against the
 28 County property tax imposed on the dwelling of an eligible individual.
- 29 (c) *Eligibility.* An individual is eligible to receive a property tax credit if:
- 30 (1) (A) the individual is at least 65 years old;
- 31 (B) the individual has lived in the same dwelling for at least
 32 the preceding [40 years] 25 years; and
- 33 (C) the dwelling for which a property tax credit is sought has
 34 a maximum assessed value of [\$700,000] the qualifying
 35 amount at the time the individual first applied for the
 36 credit;
- 37 (2) (A) the individual is at least 65 years old;
- 38 (B) the individual is a retired member of the uniformed
 39 services of the United States as defined in 10 U.S.C.
 40 §101, the military reserves, or the national guard; and
- 41 (C) the dwelling for which a property tax credit is sought has
 42 a maximum assessed value of [\$550,000] the qualifying
 43 amount at the time the individual first applied for the
 44 credit; [or]
- 45 (3) (A) the individual is a surviving spouse of a retired member
 46 of the uniformed services of the United States as defined
 47 in 10 U.S.C. §101, the military reserves, or the national
 48 guard;
- 49 (B) the surviving spouse is at least 65 years old; and
- 50 (C) the surviving spouse has not remarried;
- 51 (4) the individual:

52 (A) is an active duty, retired, or honorably discharged
 53 member of the uniformed services of the United States as
 54 defined in 10 U.S.C. § 101, the military reserves, or the
 55 national guard; and

56 (B) has a service-connected disability; or

57 (5) the individual:

58 (A) is a surviving spouse of an individual described under
 59 paragraph (4); and

60 (B) has not remarried.

61 (d) *Amount and duration of credit.*

62 (1) The credit allowed under this Section is:

63 (A) if the annual income of the applicant is equal to or less
 64 than \$90,000, [20%] 20 percent of the County property
 65 tax imposed on the dwelling;

66 (B) if the annual income of the applicant is equal to or less
 67 than \$75,000, 35 percent of the County property tax
 68 imposed on the dwelling; and

69 (C) if the annual income of the applicant is equal to or less
 70 than \$50,000, 50 percent of the County property tax
 71 imposed on the dwelling.

72 (2) The credit must be granted each year for ~~[[7 years]]~~ 10 years if
 73 the individual remains eligible for the credit.

74 (e) *Application.*

75 (1) A property owner must submit an application to the Director on
 76 or before April 1 before the tax year that the individual [first]
 77 seeks to receive the credit. An annual application is [not]
 78 required for an individual to receive the credit.

- 79 (2) An application must:
- 80 (A) be on the form that the Director requires; and
- 81 (B) demonstrate that the taxpayer is entitled to the credit.
- 82 (f) *Regulations.* The County Executive may issue regulations under
- 83 Method 2 to administer this tax credit.

84 **Sec. 2.** This Act must not affect any tax credit applied for prior to the

85 effective date of this Act.