



**Committee:** GO  
**Committee Review:** At a future date  
**Staff:** Christine Wellons, Senior Legislative Attorney  
**Purpose:** To receive testimony – no vote expected

AGENDA ITEM #4  
June 11, 2024  
**Public Hearing**

## SUBJECT

Bill 6-24; Property Tax Credit – Disabled Veterans

Lead Sponsor: Councilmember Fani-González

Co-Sponsor: Council President Friedson and Councilmembers Balcombe, Luedtke, Albornoz, Katz, and Sayles

## EXPECTED ATTENDEES

Members of the public

## COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- N/A

## DESCRIPTION/ISSUE

Bill 6-24 would:

- (1) establish a property tax credit for disabled veterans;
- (2) set the amounts of the property tax credit;
- (3) set eligibility criteria to qualify for the property tax credit;
- (4) require the continuation of the credit for the surviving spouse of the disabled veteran; and
- (5) generally amend the law regarding property tax credits.

## SUMMARY OF KEY DISCUSSION POINTS

- N/A

### This report contains:

Staff Report	Pages 1 - 2
Bill 6-24	© 1
Fiscal Impact Statement	© 6
Economic Impact Statement	© 8
Racial Equity and Social Justice Impact Statement	© 14
Climate Assessment	© 19

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**M E M O R A N D U M**

June 6, 2024

TO: County Council

FROM: Christine Wellons, Senior Legislative Attorney

SUBJECT: Bill 6-24, Property Tax Credit – Disabled Veterans

PURPOSE: Public hearing – receive testimony

Bill 6-24, Property Tax Credit – Disabled Veterans sponsored by Lead Sponsor Council member Fani-González and Co-Sponsored by Council President Friedson and Councilmembers Balcombe, Luedtke, Albornoz, Katz, and Sayles, was introduced on March 5, 2024. A public hearing is scheduled for June 11, 2024. The bill will be considered by the Government Operations and Fiscal Policy (GO) Committee.

Bill 6-24 would:

- (1) establish a property tax credit for disabled veterans;
- (2) set the amounts of the property tax credit;
- (3) set eligibility criteria to qualify for the property tax credit;
- (4) require the continuation of the credit for the surviving spouse of the disabled veteran;  
and
- (5) generally amend the law regarding property tax credits.

**BACKGROUND**

The bill would provide a new property tax credit to severely disabled, honorably discharged veterans of limited income. This credit is authorized under Section 9-625 of the Tax-Property Article of the Maryland Code. This would be distinct from the current property tax credit under County Code Section 52-110, which is available to seniors over 65 and retired veterans. Section 52-110 is authorized by Section 9-258 of the Tax-Property Article of the Maryland Code.

**BILL SPECIFICS**

Under Bill 6-24, a property tax credit would be available to an honorably discharged veteran who is at least 50 percent disabled, as certified by the U.S. Department of Veterans Affairs, and whose federal adjusted gross income does not exceed \$100,000.

The property tax credit granted under the bill would equal:

- 50% of the County property tax imposed on the dwelling house if the disabled veteran's service-connected disability rating is at least 75% but not more than 99%; or
- 25% of the County property tax imposed on the dwelling house if the disabled veteran's service-connected disability rating is at least 50% but not more than 74%.

This packet contains:

Bill 6-24

Fiscal Impact Statement

Economic Impact Statement

Racial Equity and Social Justice Impact Statement

Climate Assessment

Circle #

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Bill No. 6-24  
Concerning: Property Tax Credit –  
Disabled Veterans  
Revised: 3/5/2024 Draft No. 5  
Introduced: March 5, 2024  
Expires: December 7, 2026  
Enacted: \_\_\_\_\_  
Executive: \_\_\_\_\_  
Effective: \_\_\_\_\_  
Sunset Date: None  
Ch. \_\_\_\_\_, Laws of Mont. Co. \_\_\_\_\_

## COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

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Lead Sponsor: Councilmember Fani-González  
Co-Sponsors: Council President Friedson and Councilmembers Balcombe, Luedtke, Albornoz,  
Katz, and Sayles

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**AN ACT** to:

- (1) establish a property tax credit for disabled veterans;
- (2) set the amounts of the property tax credit;
- (3) set eligibility criteria to qualify for the property tax credit;
- (4) require the continuation of the credit for the surviving spouse of the disabled veteran;  
and
- (5) generally amend the law regarding property tax credits.

By adding  
Montgomery County Code  
Chapter 52, Taxation  
Section 52-113

<b>Boldface</b>	<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:*

1       **Sec. 1. Section 52-113 is added as follows:**

2       **52-113. Property tax credit — disabled veterans.**

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

5       Annual income means the federal adjusted gross income of a tax filer  
 6       for the immediately preceding taxable year.

7       Department means the Department of Finance.

8       Director means the Director of the Department or the Director's  
 9       designee.

10       Disabled veteran means an individual who:

11       (1) is honorably discharged or released under honorable  
 12       circumstances from active military, naval, or air service as defined  
 13       in 38 U.S.C. § 101, as amended; and

14       (2) has been declared by the U.S. Department of Veterans Affairs, or  
 15       its successor, to have a permanent service-connected disability of  
 16       at least 50% that results from blindness or any other disabling  
 17       cause that:

18       (A) is reasonably certain to continue for the life of the veteran;  
 19       and

20       (B) was not caused or incurred by misconduct of the veteran.

21       Dwelling house real property that is:

22       (1) the legal residence of a disabled veteran; and

23       (2) occupied by not more than two families.

24       Dwelling house includes the lot or curtilage and structures necessary to  
 25       use the real property as a residence.

26       Surviving spouse means an individual who:

(1) is a legal widow or widower of the the disabled veteran who applied for the credit;

(2) has not remarried; and

(3) has a legal interest in the dwelling house.

If the disabled veteran was unmarried at the time of death, or if the individual married to the veteran died simultaneously with or predeceased the veteran, then surviving spouse includes a person with a legal interest in the dwelling house who is:

(1) a minor child of the veteran, a trust for the benefit of the minor child, or a legal guardian of the minor child; or

(2) if the veteran does not have a minor child, any other legal dependent of the veteran.

(b) Credit. As authorized by § 9-265 of the Tax-Property Article of the Maryland Code, as amended, a disabled veteran, or surviving spouse of the disabled veteran, may receive a credit against the County property tax imposed on a dwelling house under this Section.

(c) Eligibility. A disabled veteran is eligible to receive a property tax credit under this Section if:

(1) the dwelling house is owned by the disabled veteran;

(2) the federal adjusted gross income of the disabled veteran for the immediately preceding taxable year does not exceed \$100,000; and

(3) the application requirements of subsection (d) are met.

(d) Application.

(1) A property owner must submit an application to the Director on or before April 1 before the tax year that the individual seeks to receive the credit.

(2) An application must:

(A) be on the form that the Director requires;

(B) include a copy of the disabled veteran's discharge certificate from active military, naval, or air service; and

(C) on the form provided by the Director, include a certification of the disabled veteran's disability from the U.S. Department of Veterans Affairs or its successor.

(3) The disabled veteran's certificate of disability must not be inspected by individuals other than:

(A) the disabled veteran; and

(B) appropriate employees of the County as needed to process the application.

(4) If a person requests to inspect the veteran's certificate of disability, or any other information related to the eligibility of a disabled veteran or a surviving spouse, the County immediately must notify the disabled veteran or the surviving spouse of the request.

(e) Amount and duration of credit.

(1) The property tax credit granted under this section must equal:

(A) 50% of the County property tax imposed on the dwelling house if the disabled veteran's service-connected disability rating is at least 75% but not more than 99%; or

(B) 25% of the County property tax imposed on the dwelling house if the disabled veteran's service-connected disability rating is at least 50% but not more than 74%.

(2) The credit must be granted each year the individual remains eligible for the credit.

80           (3) If a disabled veteran to whom the County granted the credit dies,  
81           the County must grant the same credit amount to the surviving  
82           spouse of the veteran.

83       (f) Regulations. The County Executive may issue regulations under  
84       Method (2) to administer this tax credit.



# Fiscal Impact Statement

Office of Management and Budget

## Bill 6-24

## Property Tax Credit - Disabled Veterans

### Bill Summary

Bill 6-24 establishes a County property tax credit for disabled veterans who were honorably discharged, have a limited income, and meet a certain permanent service disability rating established by the US Department of Veterans Affairs.

### Fiscal Impact Summary

The property tax credit would be available to a honorably discharged veterans whose federal gross adjusted income is less than \$100,000 and who has a permanent service-related disability certified by the US Department of Veteran Affairs that is between 50% and 99%. At a disability rating between 50% and 74% the tax credit would equal 25% of property taxes; at a disability rating between 75% and 99% the tax credit would equal 50% of property taxes. The property tax credit for disabled veterans is estimated to increase tax expenditures by an aggregate of \$24.6 million over six-years (FY26-FY31).

Fiscal Year	2026	2027	2028	2029	2030	2031	Total
Personnel Costs	\$148,147	\$148,147	\$148,147	\$148,147	\$148,147	\$148,147	\$888,882
Operating Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$148,147	\$148,147	\$148,147	\$148,147	\$148,147	\$148,147	\$888,882
Revenues	(\$3,000,000)	(\$3,400,000)	(\$3,700,000)	(\$4,100,000)	(\$4,500,000)	(\$5,000,000)	(\$23,700,000)
Total Impact	(\$3,148,147)	(\$3,548,147)	(\$3,848,147)	(\$4,248,147)	(\$4,648,147)	(\$5,148,147)	(\$24,588,882)
FTE	1.00	1.00	1.00	1.00	1.00	1.00	

The analysis involves multiple assumptions due to limitations in the available data. National Center for Veterans Analysis and Statistics at the U.S. Department of Veterans Affairs provides reports from 2011 to 2019 on the number of veterans in each county that receive disability compensation, including the disability ratings. However, these reports do not contain any information on income or home ownership characteristics.

The U.S. Census American Community Survey (ACS) Public Use Microdata (PUMS) contains data on the number of veterans by disability rating as well as home ownership and income, however the standard error in these samples is large.[\[1\]](#)

Due to the limitations of the data, the Department of Finance utilized the statistics from the U.S. Department of Veterans Affairs to estimate the total number of potentially eligible veteran households, and then adjusted these totals by the portion of veteran households with a disability rating greater than 50% estimated to be both homeowners and to have income under \$100,000 per the ACS PUMS.

The Department of Finance made the following assumptions:

- 70% of veterans in Montgomery County own their own home. This statistic is consistent with a 2010 study by the Veterans Affairs finding that 75.5% of veterans nationwide are homeowners,[\[2\]](#) and the 2022 ACS PUMS 1-year survey data estimate that 74.4% of veterans in Montgomery County are homeowners, and that 71.2% of veterans in Montgomery County with a disability rating



exceeding 50% are homeowners;

- The population of veterans with a disability rating exceeding 50% increases at 8% annually. This is consistent with the 6% annualized growth in the number of veterans in Montgomery County between 2011 and 2019, and the 11.5% annualized growth in the number of veterans with a disability rating exceeding 50% and less than 100%;
- 25% of veterans with an eligible disability rating have income below \$100,000 annually. This assumption is consistent with the 2022 ACS PUMS 1-year survey data estimate that 27% of veterans with a disability rating exceeding 50% have income below \$100,000 per year;
- The average home owned by an eligible veteran is assessed at \$580,000 and increases in value at a rate of 2.5% per year. The average assessed value of all residential properties in the County for levy year 2024 is \$580,000.

#### Staff Impact

The proposed Tax Credit for Disabled Veterans will require one additional staff member for the Finance Department's Treasury Division. Administering the program will require one staff member at grade 23, costing \$148,147 inclusive of benefits.

The tax credit expansion substantially increases the workload on an office that is currently at capacity with the existing tax credits. The increased workload will involve the following tasks:

- Processing of annual applications and supporting applicants to submit the required property ownership and income verification documents;
- Reviewing appeals of rejected applications;
- Ensuring credit is removed from properties that transfer or where the recipient and any surviving spouse or dependent perishes.

#### Actuarial Analysis

The bill is not expected to impact retiree pension or group insurance costs.

#### Information Technology Impact

The bill is not expected to impact the County Information Technology (IT) or Enterprise Resource Planning (ERP) systems.

#### Other Information

*Later actions that may impact revenue or expenditures if future spending is projected*

The bill does not authorize future spending.

*Ranges of revenue or expenditures that are uncertain or difficult to project*

The number of eligible participants in future years may be higher or lower than the analysis. The average value of properties receiving the credit may increase at a higher or lower rate than estimated in the analysis.

#### Sources of information

1. For a more detailed description of the ACS, standard errors, and the impacts to forecast accuracy, please see the "Fiscal Impact Analysis" section of the Fiscal Impact Statement on page 14 of the packet in the staff report for the Government Operations Worksession on bill 45-23 dated 2/20/2024 2. See page roman numeral X of the executive study; Available at: <https://www.va.gov/vetdata/docs/SurveysAndStudies/NVSSurveyFinalWeightedReport.pdf>

#### Contributors

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# Economic Impact Statement

Montgomery County, Maryland

## Bill 6-24

## Property Tax Credit – Disabled Veterans

### SUMMARY

The Office of Legislative Oversight (OLO) anticipates that Bill 6-24 would have a positive impact on economic conditions in the County in terms of the Council’s priority economic indicators. By establishing a new property tax credit program for severely disabled, honorably discharged veterans of limited income, the Bill would reduce property tax liabilities for residents who otherwise would not receive the credit without the change in law. Holding all else equal, reduced property tax liabilities would reduce nondiscretionary household expenses, thereby increasing net household income for these recipients. In addition, based on OLO’s review of impact evaluations on the economic impacts of property tax relief, the Bill may reduce mobility for certain disabled veterans and surviving spouses, which, in some cases, may prevent moves induced by mortgage foreclosure or property tax liens. Finally, because residents likely would use a portion of the property tax savings to spend on goods and services produced by County-based businesses, certain businesses’ revenue and income would likely increase.

### BACKGROUND AND PURPOSE OF BILL 6-24

Under Section 9-625 of the Tax-Property Article of the Maryland Code, Counties are authorized to establish a new property tax credit for severely disabled, honorably discharged veterans of limited income.<sup>1</sup>

The goal of Bill 6-24 is to “lighten the property tax burden” for disabled veterans and their families.<sup>2</sup> The Bill aims to do so by establishing the property tax credit for disabled veterans authorized under state law. If enacted, individuals who own homes would be eligible to receive a property tax credit if they are “an honorably discharged veteran who is at least 50 percent disabled, as certified by the U.S. Department of Veterans Affairs, and whose federal adjusted gross income does not exceed \$100,000.”<sup>3</sup> The amount of the credit would be:

- 50% of the County property tax imposed on the dwelling house if the disabled veteran’s service-connected disability rating is at least 75% but not more than 99%; or
- 25% of the County property tax imposed on the dwelling house if the disabled veteran’s service-connected disability rating is at least 50% but not more than 74%.<sup>4</sup>

The property tax credit would be granted each year the individual remains eligible. In addition, the Bill would require the County to grant the same credit amount to the surviving spouse of a deceased disabled veteran.<sup>5</sup>

The Council introduced Bill 6-24, Property Tax Credit – Disabled Veterans, on March 5, 2024.

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<sup>1</sup> Section 9-265 - Property Tax Credit for Disabled Veterans - Calculation - Application - Surviving Spouse, 9.

<sup>2</sup> “Councilmember Natali Fani-González to Introduce Bill to Reduce Property Taxes for Veterans with Severe Disabilities.”

<sup>3</sup> “Introduction Staff Report for Bill 6-24.”

<sup>4</sup> “Introduction Staff Report for Bill 6-24.”

<sup>5</sup> “Introduction Staff Report for Bill 6-24.”

## INFORMATION SOURCES, METHODOLOGIES, AND ASSUMPTIONS

Per Section 2-81B of the Montgomery County Code, the purpose of this Economic Impact Statement is to assess, both, the impacts of Bill 6-24 on residents and private organizations in terms of the Council's priority economic indicators and whether the Bill would have a net positive or negative impact on overall economic conditions in the County.<sup>6</sup>

### Methodology and Information Sources

To assess Bill 6-24's economic impacts, this analysis draws on Economic Impact Statements for previous legislation on property tax credits and *impact evaluations* to identify empirically well-established effects of property tax credits on economic outcomes. Impact evaluations are a core tool of evidence-based policymaking. They strive to answer cause-and-effect questions regarding the impact of a policy or program on a specific outcome(s).<sup>7,8</sup> In particular, this analysis focuses on the following peer-reviewed articles that were identified on the Google Scholar database:

- Hanson, Andrew (2021), "[Taxes and Economic Development: An Update on the State of the Economics Literature](#)," *Economic Development Quarterly*
- Kim, Jinyhup, and Casey Dawkins (2021), "[Aging, Property Taxes, and Housing Adjustments: Lessons From the Health and Retirement Study](#)," *Housing Policy Debate*
- Mouiton, Waller, and Wentland (2018), "[Who Benefits from Targeted Property Tax Relief?](#)" *Journal of Policy Analysis and Management*
- Spreen and Keddington (2023), "[Temporary Property Tax Relief and Residential Home Sales](#)," *National Tax Journal*

In later sections of this analysis, OLO reviews these studies to draw evidence-based conclusions regarding the impacts of property tax credits on specific outcomes. These conclusions, along with findings from other sources cited in this report, are the primary basis on which OLO infers the economic impacts that Bill 6-24 would have on businesses, residents, and overall economic conditions in the County.

### Scope of Analysis

The economic impacts of Bill 6-24 largely depend on its effects on the total number of residents eligible to receive the property tax credit and the total amount of credits disbursed on an annual basis. Importantly, the County would use tax revenue to fund the property tax credits. The internal transfer from the County to the recipients of the property tax credit would not entail a net increase in the amount of economic activity in the County. For this reason, the Bill's total economic impact would depend on: (a) the per year economic impacts to County residents and businesses from reduced property tax liabilities of future recipients; and (b) the per year economic opportunity cost of the forgone County revenues.

Because OLO does not know how the forgone property tax revenues would otherwise be used in the absence of enacting Bill 6-24, this analysis does not account for the economic impacts of alternative government spending with the forgone

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<sup>6</sup> Montgomery County Code, Sec. 2-81B.

<sup>7</sup> Gertler et al., *Impact Evaluation in Practice, Second Edition*.

<sup>8</sup> Priority is given to studies that use quasi-experimental methods over non-experimental studies because the former are better able to identify the causal effects of a policy intervention from outcomes correlated with, but unrelated to, the intervention due to unmeasured confounding and other threats to causal inference.

revenue. The scope of this analysis, therefore, is limited to the economic impacts of the reduced property tax liabilities for residents who otherwise would not receive the property tax credit in the absence of the change in law.

## VARIABLES

The primary variables that would affect the economic impacts of enacting Bill 6-24 are the following:

- total number of property tax credit recipients;
- total property tax savings for recipients;
- residential property values; and
- residential mobility.

## IMPACTS

WORKFORCE ▪ TAXATION POLICY ▪ PROPERTY VALUES ▪ INCOMES ▪ OPERATING COSTS ▪ PRIVATE SECTOR CAPITAL INVESTMENT ▪ ECONOMIC DEVELOPMENT ▪ COMPETITIVENESS

### Impact Evaluations

While rising home values increase property wealth, they typically induce higher property tax liabilities for homeowners. Higher property taxes can be especially challenging for homeowners who have low incomes, depend on retirement or disability payments, etc. Homeowners may respond to higher property tax burdens by down-sizing to a smaller home or becoming renters in their current jurisdiction or relocating to a lower-tax jurisdiction.<sup>9</sup> To reduce the burden of housing costs, many states and local governments have enacted targeted property tax relief programs to help the poor, seniors, disabled, or veterans.<sup>10</sup>

There is a large literature on the economic impacts of property tax exemptions. The existing literature has largely focused on programs targeting seniors which are “permanent” and “portable across properties in the state or locality.”<sup>11</sup> These studies have consistently found these programs have had two impacts:<sup>12</sup>

- (1) Reduce senior homeowner mobility:** This impact is significant because it suggests property tax relief may reduce home sales that occur under duress, namely tax lien sales or mortgage foreclosures.

It is worth noting that Spreen and Keddington (2023) examine whether the findings regarding permanent senior property tax relief programs extend to the *temporary* senior property tax relief programs in Maryland counties, including Montgomery County, which began in 2017.<sup>13</sup> They found that “the balance of the empirical results suggest that temporary [senior] property tax relief did not significantly affect the home sales decisions of eligible homeowners during the benefit period.”<sup>14</sup>

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<sup>9</sup> Spreen and Keddington, “Temporary Property Tax Relief and Residential Home Sales”; Kim and Dawkins, “Aging, Property Taxes, and Housing Adjustments.”

<sup>10</sup> Mouiton, Waller, and Wentland, “Who Benefits from Targeted Property Tax Relief?”

<sup>11</sup> Spreen and Keddington, “Temporary Property Tax Relief and Residential Home Sales.”

<sup>12</sup> Spreen and Keddington; Hanson, “Taxes and Economic Development”; Kim and Dawkins, “Aging, Property Taxes, and Housing Adjustments.”

<sup>13</sup> DeFazio and Roblin, “Senior Property Tax Credits.”

<sup>14</sup> Spreen and Keddington, “Temporary Property Tax Relief and Residential Home Sales.”

**(2) Increase property values:** This impact is significant because it suggests that property tax relief may result in property tax capitalization. This occurs when property tax relief raises demand for homeownership among the beneficiaries, thereby raising home prices. This outcome “arbitrarily benefits current homeowners at the time of the policy change, whether or not they are part of the targeted group.”<sup>15</sup> In contrast, “the corresponding homeownership cost hikes may potentially offset some or all of the tax relief benefit among future homeowners in the targeted groups, who subsequently purchase homes at higher prices.”<sup>16</sup>

In the only study (to our knowledge) that examines the impacts of a tax relief program targeting disabled veterans, Mouiton et al (2019) examine Virginia’s property tax relief targeting disabled veterans. They found that “areas with high proportions of veterans experienced an 8.1 percent increase in property prices, while areas with relatively fewer veterans report no statistically significant effect.” This finding suggests that the impact of property tax relief on property values may depend on how many homeowners are eligible to receive it in a local housing market.

## Residents

OLO anticipates that Bill 6-24 would have a positive impact on certain residents in the County in terms of the Council’s priority economic indicators.

The Bill primarily would impact honorably discharged veterans who the U.S. Department of Veterans Affairs deems at least 50 percent disabled, has a gross income is \$100,000 or less, and owns a home in the County. Importantly, the property tax credit is permanent. As stated above, it would be granted each year a recipient remains eligible and surviving spouses of a deceased disabled veterans would continue to receive the credit.

It would reduce property tax liabilities for certain disabled veterans and their surviving spouses who otherwise would not receive the credit without the change in law. Holding all else equal, reduced property tax liabilities would reduce nondiscretionary household expenses, thereby increasing net household income for these recipients.

Furthermore, based on impact evaluations on the effect of permanent senior property tax relief on residential mobility, the Bill may reduce mobility for certain disabled veterans and surviving spouses. In some cases, the Bill may reduce moves induced by mortgage foreclosure or property tax liens, which would prevent costs associated with unwanted moves for certain recipients of the credit.

The Bill’s potential impact on property values in local housing markets in the County is unclear. As previously discussed, findings from the impact evaluations suggest property tax relief programs increase home prices, but this effect may depend on how many homeowners receive it in each local housing market.

OLO does not know many residents who would meet these eligibility requirements.

It is beyond the scope of this analysis to assess the concentration of disabled veterans who would be eligible to receive the credit in local housing markets in the County. But if the concentration is insufficient to affect property values in local housing markets, the income benefits to future recipients would not be offset by higher home prices.

Beyond these potential impacts, OLO does not expect the Bill to affect residents in terms of the Council’s other priority indicators.

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<sup>15</sup> Mouiton, Waller, and Wentland, “Who Benefits from Targeted Property Tax Relief?”

<sup>16</sup> Mouiton, Waller, and Wentland.

## Businesses, Non-Profits, Other Private Organizations

OLO anticipates that enacting Bill 6-24 would have positive impacts on certain private organizations in the County in terms of the Council's priority economic indicators.

It is likely these residents would use a portion of the property tax savings to spend on goods and services produced by County-based businesses. Holding all else equal, these businesses would experience increased revenue and income. However, it is worth noting the Bill may negatively impact certain residential real-estate firms if it reduce home sales among residents, as previously discussed.

Beyond these potential impacts, OLO does not expect the Bill to affect private organizations in terms of the Council's other priority indicators.

## Net Impact

The Office of Legislative Oversight (OLO) anticipates that Bill 6-24 would have a positive impact on economic conditions in the County in terms of the Council's priority economic indicators. By establishing a new property tax credit program for severely disabled, honorably discharged veterans of limited income, the Bill would reduce property tax liabilities for residents who otherwise would not receive the credit without the change in law. Holding all else equal, reduced property tax liabilities would reduce nondiscretionary household expenses, thereby increasing net household income for these recipients. In addition, based on OLO's review of impact evaluations on the economic impacts of property tax relief, the Bill may reduce mobility for certain disabled veterans and surviving spouses, which, in some cases, may prevent moves induced by mortgage foreclosure or property tax liens. Finally, because residents likely would use a portion of the property tax savings to spend on goods and services produced by County-based businesses, certain businesses' revenue and income would likely increase.

## DISCUSSION ITEMS

Not applicable

## WORKS CITED

["Councilmember Natali Fani-González to Introduce Bill to Reduce Property Taxes for Veterans with Severe Disabilities,"](#)  
March 4, 2024.

DeFazio, Blaise, and Stephen Roblin. ["Senior Property Tax Credits."](#) Office of Legislative Oversight, Montgomery County Council, July 25, 2023.

Gertler, Paul J., Sebastian Martinez, Patrick Premand, Laura B. Rawlings, and Christel M. J. Vermeersch. [Impact Evaluation in Practice, Second Edition](#). Washington, DC: Inter-American Development Bank and World Bank, 2016.

Hanson, Andrew. ["Taxes and Economic Development: An Update on the State of the Economics Literature."](#) *Economic Development Quarterly* 35, no. 3 (August 1, 2021): 232–53.

["Introduction Staff Report for Bill 6-24, Property Tax Credit - Disabled Veterans."](#) Montgomery County Council, March 5, 2023.



Kim, Jinyhup, and Casey Dawkins. "[Aging, Property Taxes, and Housing Adjustments: Lessons From the Health and Retirement Study](#)." *Housing Policy Debate* 31, no. 6 (November 2, 2021): 947–66.

Montgomery County Code. [Sec. 2-81B, Economic Impact Statements](#).

Mouiton, Jeremy G., Bennie D. Waller, and Scott A. Wentland. "[Who Benefits from Targeted Property Tax Relief? Evidence from Virginia Elections](#)." *Journal of Policy Analysis and Management* 37, no. 2 (April 1, 2018): 240–64.

[Section 9-265 - Property Tax Credit for Disabled Veterans - Calculation - Application - Surviving Spouse](#), Maryland Code, Tax-Property § (2020).

Spreen, Thomas Luke, and Colton Keddington. "[Temporary Property Tax Relief and Residential Home Sales](#)." *National Tax Journal* 76, no. 3 (September 2023): 593–620.

## CAVEATS

Two caveats to the economic analysis performed here should be noted. First, predicting the economic impacts of legislation is a challenging analytical endeavor due to data limitations, the multitude of causes of economic outcomes, economic shocks, uncertainty, and other factors. Second, the analysis performed here is intended to *inform* the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the Bill under consideration.

## AUTHOR

Stephen Roblin (OLO) prepared this report.



# Racial Equity and Social Justice (RESJ) Impact Statement

## Office of Legislative Oversight

### BILL 6-24: PROPERTY TAX CREDIT – DISABLED VETERANS

#### SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 6-24 will have a negative impact on racial equity and social justice (RESJ) in the County as it would disproportionately benefit White homeowners. OLO offers one policy option for Council consideration.

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#### PURPOSE OF RESJ IMPACT STATEMENTS

The purpose of RESJ impact statements (RESJIS) is to evaluate the anticipated impact of legislation on racial equity and social justice in the County. Racial equity and social justice refer to a **process** that focuses on centering the needs, leadership, and power of communities of color and low-income communities with a **goal** of eliminating racial and social inequities.<sup>1</sup> Achieving racial equity and social justice usually requires seeing, thinking, and working differently to address the racial and social inequities that have caused racial and social disparities.<sup>2</sup>

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#### PURPOSE OF BILL 6-24

Under Section 9-625 of the Tax-Property Article of the Maryland Code, counties are authorized to establish a new property tax credit for severely disabled, honorably discharged veterans of limited income.<sup>3</sup>

The goal of Bill 6-24 is to “lighten the property tax burden” for disabled veterans and their families.<sup>4</sup> The Bill would do so by establishing the property tax credit for disabled veterans authorized under state law. If enacted, individuals who own homes would be eligible to receive a property tax credit if they are “an honorably discharged veteran who is at least 50 percent disabled, as certified by the U.S. Department of Veterans Affairs, and whose federal adjusted gross income does not exceed \$100,000.”<sup>5</sup> The amount of the credit would be:<sup>6</sup>

- 50% of the County property tax imposed on the dwelling house if the disabled veteran’s service-connected disability rating is at least 75% but not more than 99%; or
- 25% of the County property tax imposed on the dwelling house if the disabled veteran’s service-connected disability rating is at least 50% but not more than 74%.

The property tax credit would be granted each year the individual remains eligible. In addition, the Bill would require the County to grant the same credit amount to the surviving spouse of a deceased disabled veteran.<sup>7</sup>

The Council introduced Bill 6-24, Property Tax Credit – Disabled Veterans, on March 5, 2024.

In June 2022, OLO published a RESJIS for Expedited Bill 9-22, Property Tax Credit – Elderly Individuals and Retired Military Services Members – Amendments. This RESJIS builds on the RESJIS for Expedited Bill 9-22.

# RESJ Impact Statement

## Bill 6-24

### MILITARY SERVICE AND RACIAL EQUITY

Black, Indigenous, and Other People of Color (BIPOC) have an extensive history of military service in the United States. The *Historical Overview of Racism in the Military* report from the Department of Defense (DOD) provides a brief overview of how BIPOC have contributed to every major American conflict dating back to the colonial period.<sup>8</sup> Despite their heroic contributions, BIPOC service members have been subjected to racism throughout the history of the armed forces.<sup>9</sup> As described by the Department of Justice, throughout much of history, the military service of Black people in particular “has been marked by bigotry, discrimination, segregation, and sometimes even violence.”<sup>10</sup>

The history of BIPOC in the military is also marked by exclusion from the recognition and privileges afforded to White veterans for their military service. For instance, the GI Bill intended to distribute “benefits in education, homeownership, and unemployment fairly and equally for all veterans.”<sup>11</sup> However, Black veterans faced significant discrimination in securing GI Bill benefits after returning home from World War II.<sup>12</sup> The impact of this exclusion has been felt across generations. A recent study from Brandeis University found that today, the descendants of White WWII veterans hold on average 32 times the wealth of descendants of Black veterans.<sup>13,14</sup> This racial wealth gap largely shut out Black veterans and their descendants from the generational benefits of “stable, secure housing, college education, and more” the GI Bill created for White veterans and “their children, grandchildren, and great-grandchildren.”<sup>15</sup>

While the military has been desegregated for over 75 years, racial inequities persist today, with BIPOC service members experiencing harassment, lack of advancement into leadership positions, and unequal discipline, among other forms of discrimination.<sup>16, 17</sup> For instance, while Black, Latinx, and Asian people account for 44 percent of all active-duty members, they only account for 25 percent of active-duty officers across all service branches.<sup>18</sup> Further, a recent study by the U.S. Government Accountability Office (GAO) of Department of Veterans Affairs (VA) claims over a ten-year period found notable racial disparities among veterans applying for VA benefits. At 61 percent, Black veterans had the lowest overall approval rates for VA claims, compared to 75 percent for White veterans.<sup>19</sup>

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### ANTICIPATED RESJ IMPACTS

To consider the anticipated impact of Bill 6-24 on RESJ in the County, OLO recommends the consideration of two related questions:

- Who are the primary beneficiaries of this bill?
- What racial and social inequities could passage of this bill weaken or strengthen?

To answer these questions, OLO considered the demographics of veterans and homeowners in the County. Census estimates in Table 1 suggest White people are overrepresented among veterans in the County. While White people account for 49 percent of adult constituents, they account for 65 percent of veterans. Black, Native American, and Pacific Islander people are proportionately represented among veterans, while Latinx and Asian people are underrepresented.

# RESJ Impact Statement

## Bill 6-24

**Table 1: Percent of Veterans by Race and Ethnicity, Montgomery County, Maryland<sup>20</sup>**

Race/Ethnicity	Percent of Veterans	Percent of All Constituents 18 and Over
Asian	5.9	16.1
Black	19.0	18.2
Native American	0.3	0.4
Pacific Islander	0.0	0.1
White	65.3	48.9
Latinx	9.2	18.1

Source: Table S2101, 2022 American Community Survey 5-Year Estimates, Census Bureau.

Census estimates in Table 2 suggest White and Asian people are more likely to be homeowners in the County. While 66 percent of households in the County are owner-occupied, 75 percent of White and 77 percent of Asian households are owner-occupied. Conversely, only 46 percent of Black and 52 percent of Latinx households are owner-occupied.

**Table 2: Homeownership Rate by Race and Ethnicity, Montgomery County, Maryland<sup>21</sup>**

Race/Ethnicity	Homeownership Rate
Overall	65.8
Asian	76.6
Black	45.8
White	74.7
Latinx	52.0

Source: Table S0201, 2022 American Community Survey 1-Year Estimates, Census Bureau.

Of note, VA data at the national level suggests White veterans are less likely to have a severe service-connected disability. Nationally, 32 percent of White veterans have a service-connected disability rating of 50 percent or more, compared to 51 percent of Asian veterans and 43 percent of Latinx and Black veterans.<sup>22</sup>

OLO anticipates Bill 6-24 will have a negative impact on RESJ in the County. While national data suggests that BIPOC are more likely to have a severe service-connected disability, the demographics of veterans and homeowners locally suggests White people would disproportionately benefit from the proposed property tax credit for disabled veterans.

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## RECOMMENDED AMENDMENTS

The Racial Equity and Social Justice Act requires OLO to consider whether recommended amendments to bills aimed at narrowing racial and social inequities are warranted in developing RESJ impact statements.<sup>23</sup> OLO anticipates Bill 6-24 will have a negative impact on RESJ in the County. Should the Council seek to improve the RESJ impact of this Bill, OLO offers one policy option for consideration:

# RESJ Impact Statement

## Bill 6-24

- **Establish a tax credit or other financial incentive for severely disabled veterans who rent their homes.** Black and Latinx community members are more likely to rent their homes – while 34 percent of households in the County are renter-occupied, 54 percent of Black households and 48 percent of Latinx households are renter occupied.<sup>24</sup> Census estimates on community members who are cost-burdened – or spending 30 percent or more of their income on housing payments – also suggests the need for housing-related financial assistance is highest among renters. While 26 percent of homeowners in the County are cost-burdened, 52 percent of renters are cost-burdened.<sup>25</sup> Further, Black and Latinx renters experience the highest rates of cost-burden in the County at 59 percent and 56 percent, compared to 47 percent and 42 percent for White and Asian renters.<sup>26</sup> Establishing a tax credit or other financial incentive for severely disabled veterans who are renters will ensure that severely disabled BIPOC veterans equitably benefit from this incentive.

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### CAVEATS

Two caveats to this racial equity and social justice impact statement should be noted. First, predicting the impact of legislation on racial equity and social justice is a challenging analytical endeavor due to data limitations, uncertainty, and other factors. Second, this RESJ impact statement is intended to inform the legislative process rather than determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

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### CONTRIBUTIONS

OLO staffer Janmarie Peña, Performance Management and Data Analyst, drafted this RESJ impact statement.

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<sup>1</sup> Definition of racial equity and social justice adopted from “Applying a Racial Equity Lens into Federal Nutrition Programs” by Marlysa Gamblin, et.al. Bread for the World, and from Racial Equity Tools. <https://www.racialequitytools.org/glossary>

<sup>2</sup> Ibid.

<sup>3</sup> [Maryland Code, Tax-Property § 9-265](#)

<sup>4</sup> [“Councilmember Natali Fani-González to Introduce Bill to Reduce Property Taxes for Veterans with Severe Disabilities,”](#) Montgomery County Council, March 4, 2024.

<sup>5</sup> [Introduction Staff Report for Bill 6-24](#), Montgomery County Council, Introduced March 5, 2024.

<sup>6</sup> Ibid.

<sup>7</sup> Ibid.

<sup>8</sup> Schuyler C. Webb and William J. Herrmann, [“Historical Overview of Racism in the Military,”](#) Defense Equal Opportunity Management Institute, February 2002.

<sup>9</sup> Ibid.

<sup>10</sup> Kristen Clarke, [“75th Anniversary of the Racial Integration of the Armed Forces,”](#) Office of Public Affairs, Department of Justice, July 31, 2023.

<sup>11</sup> [“Not All WWII Veterans Benefited Equally from the GI Bill,”](#) The Heller School for Social Policy and Management, Brandeis University, November 7, 2023.

<sup>12</sup> Ibid.

<sup>13</sup> Ibid.

<sup>14</sup> Tatjana Meschede, et. al., [IERE Research Brief: Final Report from our GI Bill Study](#), The Heller School for Social Policy and Management, Brandeis University, December 2022, pg. 11.

<sup>15</sup> “Not All WWII Veterans Benefited Equally from the GI Bill”

<sup>16</sup> Kat Stafford, et. al., [“Deep-rooted Racism, Discrimination Permeate US Military,”](#) Associated Press, May 27, 2021.

<sup>17</sup> Daniel Lam, [“They Faced Racial Bias in Military Discipline. That Can Impact National Security,”](#) NPR, September 14, 2021.

# RESJ Impact Statement

## Bill 6-24

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<sup>18</sup> Chapter 2: Active-Duty Members, [2022 Demographics: Interactive Profile of the Military Community](#), Military OneSource, Department of Defense.

<sup>19</sup> [VA Disability Benefits: Actions Needed to Further Examine Racial and Ethnic Disparities in Compensation](#), U.S. Government Accountability Office, July 26, 2023.

<sup>20</sup> Latinx people are included in other racial groups in Tables 1 and 2.

<sup>21</sup> Estimates for Native American and Pacific Islander constituents are not available for this data point.

<sup>22</sup> [National Veteran Health Equity Report 2021](#), Veterans Health Administration, U.S. Department of Veterans Affairs, September 2022, pg. 13.

<sup>23</sup> Bill 27-19, Administration – Human Rights – Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee – Established, Montgomery County Council

<sup>24</sup> [Table S0201: Selected Population Profile in the United States](#), 2022 American Community Survey 1-Year Estimates, Census Bureau.

<sup>25</sup> Ibid.

<sup>26</sup> Ibid.

# Climate Assessment

## Office of Legislative Oversight

### Bill 6-24: Property Tax Credit – Disabled Veterans

#### SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 6-24 will have no impact on the County's contribution to addressing climate change as it is proposing a tax credit that a small number of County residents qualify for.

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#### BACKGROUND AND PURPOSE OF BILL 6-24

Under Section 9-625 of the Tax-Property Article of the Maryland Code, counties are authorized to establish a new property tax credit for severely disabled, honorably discharged veterans of limited income.<sup>1</sup>

The goal of Bill 6-24 is to “lighten the property tax burden” for disabled veterans and their families.<sup>2</sup> The Bill would attempt to do so by establishing the property tax credit for disabled veterans authorized under state law. If enacted, individuals who own homes would be eligible to receive a property tax credit if they are “an honorably discharged veteran who is at least 50 percent disabled, as certified by the U.S. Department of Veterans Affairs, and whose federal adjusted gross income does not exceed \$100,000.”<sup>3</sup> The amount of the credit would be:

- 50% of the County property tax imposed on the dwelling house if the disabled veteran's service-connected disability rating is at least 75% but not more than 99%; or
- 25% of the County property tax imposed on the dwelling house if the disabled veteran's service-connected disability rating is at least 50% but not more than 74%.<sup>4</sup>

The property tax credit would be granted each year the individual remains eligible. In addition, the Bill would require the County to grant the same credit amount to the surviving spouse of a deceased disabled veteran.<sup>5</sup>

The Council introduced Bill 6-24, Property Tax Credit – Disabled Veterans, on March 5, 2024.

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#### ANTICIPATED IMPACTS

As the Bill proposes a tax credit that a small number of County residents qualify for, OLO anticipates Bill 6-24 will have little to no impact on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions, community resilience, and adaptive capacity.

## RECOMMENDED AMENDMENTS

The Climate Assessment Act requires OLO to offer recommendations, such as amendments or other measures to mitigate any anticipated negative climate impacts.<sup>6</sup> OLO does not offer recommendations or amendments as Bill 6-24 is likely to have no impact on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions, community resilience, and adaptative capacity.

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## CAVEATS

OLO notes two caveats to this climate assessment. First, predicting the impacts of legislation upon climate change is a challenging analytical endeavor due to data limitations, uncertainty, and the broad, global nature of climate change. Second, the analysis performed here is intended to inform the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

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## PURPOSE OF CLIMATE ASSESSMENTS

The purpose of the Climate Assessments is to evaluate the anticipated impact of legislation on the County's contribution to addressing climate change. These climate assessments will provide the Council with a more thorough understanding of the potential climate impacts and implications of proposed legislation, at the County level. The scope of the Climate Assessments is limited to the County's contribution to addressing climate change, specifically upon the County's contribution to greenhouse gas emissions and how actions suggested by legislation could help improve the County's adaptative capacity to climate change, and therefore, increase community resilience.

While co-benefits such as health and cost savings may be discussed, the focus is on how proposed County bills may impact GHG emissions and community resilience.

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## CONTRIBUTIONS

OLO staffer Kaitlyn Simmons drafted this assessment.

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<sup>1</sup> ["Section 9-265 - Property Tax Credit for Disabled Veterans - Calculation - Application - Surviving Spouse,"](#) Maryland Code, Tax-Property § (2020).

<sup>2</sup> ["Councilmember Natali Fani-González to Introduce Bill to Reduce Property Taxes for Veterans with Severe Disabilities,"](#) Montgomery County Government, March 4, 2024.

<sup>3</sup> ["Introduction Staff Report for Bill 6-24, Property Tax Credit - Disabled Veterans,"](#) Montgomery County Council, March 5, 2023.

<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

<sup>6</sup> Bill 3-22, Legislative Branch – Climate Assessments – Required, Montgomery County Council, Effective date October 24, 2022