



HARFORD COUNTY, MARYLAND

Office of the County Auditor

FISCAL IMPACT NOTE

Bill Number:

17-021

Senior Citizens and
Veterans Tax Credit
Program

Sponsor:

Council President Slutzky
at the request of the
County Executive and
Council Member McMahan

Estimated Fiscal Impact:

Net annual revenue
increase of approximately
\$340,000

Additional Information:

Version: 01
based on bill as
introduced 10/17/2017

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Inquiries may be directed
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Summary of Legislation

AN ACT to repeal and reenact, with amendments, Section 123-27, Due date of taxes; interest and discounts, of Article I, General Provisions; and to add new Section 123-46.5, Tax credit for elderly individuals and veterans, to Article II, Real Property Tax Credits, all of Chapter 123, Finance and Taxation, of the Harford County Code, as amended; to provide for a Harford County Senior Citizens and Veterans Tax Credit Program; to repeal the provisions providing a discount for early payment of property taxes as of July 1, 2019; to establish a property tax credit for certain elderly individuals and veterans; to establish the criteria for the property tax credit created; and generally relating to property tax discounts and credits.

The bill will take effect 60 days after it is adopted. Credits will impact County revenue beginning July 1, 2018. Discounts will be discontinued for bills issued July 1, 2019.

Fiscal Analysis

Currently, the County Code allows a discount on real property tax bills paid in July and August of each year. This bill, if adopted, would remove the discount provision. Over the last three years, on average, the discount was utilized by most property owners, for an average discount of \$14.65. Eliminating the early payment discount would result in approximately \$1.04 million in increased County revenue each year.

This bill, if adopted, would also authorize a 20% tax credit, in accordance with the Maryland Legislature's 2016 approval of House Bill 898. To be eligible for this credit, property owners must be at least 65 years old and must have lived in their home for 40 years or served in a branch of the United States military. The bill limits the tax credit to properties with an assessed value of \$400,000 or less; there are no household income limits. The credit would be applicable for 5 years. Using tax records and Census Bureau data from 2016, we estimate 6,665 property owners meet the above criteria. Their average credit would be approximately \$525. Assuming a 50% participation rate and a 2% annual appreciation in property values, the tax credit will reduce annual revenue by approximately \$700,000 per year.