
**EXECUTIVE SUMMARY
MAYOR AND BOARD OF ALDERMEN**

Submitted/Presented By: Alderwoman Donna Kuzemchak
Alderman Roger Wilson

Date: 6/28/2018

Other Staff Present: Gerry Kolbfleisch, Director of Finance
Rachel Depo, Assistant City Attorney

Meeting Dates:

Workshop: 4/11/2018

6/27/2018

Business Meeting:

Public Hearing: 7/19/2018

Agenda Item: An Ordinance to Add § 8-10.2 to the Frederick City Code for the Purpose of Adopting a Local Supplement to the State Homeowners Property Tax Credit Program for Senior Citizens

Background Information:

Pursuant to Maryland Annotated Code, Tax-Property Article, § 9-215.1, the Board of Aldermen may enact an ordinance to establish a local supplement to the State's Homeowners Property Tax Credit Program.

The State Department of Assessments and Taxation (SDAT) has indicated that it will be able to administer this tax credit program for the City. In accordance with the state law, and assuming the City desires the SDAT to administer the program, the ordinance may include or adjust eligibility criteria relating to (1) the limitation on the assessed value of a dwelling used to determine total real property tax; (2) the percentages and combined income levels specified in Tax-Property § 9-104; and (3) the age of the homeowners.

The proposed ordinance attached hereto would establish a tax credit for eligible homeowners in the amount of 25% of the total city real property tax for the taxable year in which the local supplement is sought. Eligible homeowners would be at least 70 years old and have a combined gross income of \$40,000 or less.

Committee Recommendations if Applicable: N/A

Fiscal Impact:

The credit is estimated to cost \$362,000 - \$481,500 based on the following information:

Max liability:

- Estimated # of eligible households, based on census information (2,062) and the % of households in the City that are owner occupied (53.7%) = 1,107
- Average City assessment and tax - \$238,000 / \$1,740, 25% credit = \$435 per household
- Total estimated max liability if all estimated eligible households apply for and receive credit = \$481,500

Minimum liability:

- Estimated # of eligible households, based on census information (2,062) and the % of households in the City that are owner occupied (53.7%) = 1,107
- Average City assessment for households receiving County credit and tax - \$179,000 / \$1,307, 25% credit = \$327 per household
- Total estimated minimum liability if all estimated eligible households apply for and receive credit = \$362,000

Recommendation: Approval

Supporting Documentation: Ordinance

Director: Standa A. McRob **Date:** 7/3/18

Concurrence Needed:

	Initials	Date	Email
<input checked="" type="checkbox"/> Legal:	<u>SAO</u>	<u>7/3/18</u>	<input type="checkbox"/>
<input type="checkbox"/> Budget:	_____	_____	<input type="checkbox"/>
<input type="checkbox"/> Finance:	_____	_____	<input type="checkbox"/>
<input type="checkbox"/> Purchasing:	_____	_____	<input type="checkbox"/>
<input type="checkbox"/> Public Works Operations:	_____	_____	<input type="checkbox"/>
<input type="checkbox"/> Engineering:	_____	_____	<input type="checkbox"/>
<input type="checkbox"/> Parks and Recreation:	_____	_____	<input type="checkbox"/>
<input type="checkbox"/> Planning:	_____	_____	<input type="checkbox"/>
<input type="checkbox"/> Police:	_____	_____	<input type="checkbox"/>
<input type="checkbox"/> Human Resources:	_____	_____	<input type="checkbox"/>
<input type="checkbox"/> Economic Development:	_____	_____	<input type="checkbox"/>
<input type="checkbox"/> Other:	_____	_____	<input type="checkbox"/>

**THE CITY OF FREDERICK
MAYOR AND BOARD OF ALDERMEN**

ORDINANCE NO: G-18-_____

AN ORDINANCE concerning

Senior citizens local supplement to state homeowners property tax credit program

FOR the purpose of establishing a certain tax credit program; providing eligibility criteria; establishing the amount of the credit; and generally relating to a local supplement to the state homeowners property tax credit for individuals of a specified minimum age.

BY adding

Sec. 8-10.2

The Code of the City of Frederick, 1966 (as amended)

SECTION I. BE IT ENACTED AND ORDAINED BY THE BOARD OF ALDERMEN OF THE CITY OF FREDERICK that Section 8-10.2 of The Code of the City of Frederick, 1966 (as amended) is hereby added to read as follows:

Sec. 8-10.2. General provisions.

- (a) **Definitions.** For purposes of this section, the following terms have the meanings indicated.
- (1) **Eligible homeowner.** “Eligible homeowner” means a homeowner meeting the eligibility criteria established by subsection (c) of this section.
 - (2) **Final tax liability.** “Final tax liability” means the tax liability for any real property tax on a dwelling less any property tax credit provided under § 9-104 of the Tax-Property Article, Annotated Code of Maryland, and any supplemental homeowners property tax credit provided under this section and any property tax credit provided by Frederick County.
 - (3) **Local supplement.** “Local supplement” means the tax credit established by this section.
 - (4) **Taxable year.** “Taxable year” means July 1 to June 30, both inclusive, for which the City computes, imposes, and collects real property tax.
 - (5) **State tax credit.** “State tax credit” means the Maryland homeowners tax credit program established pursuant to § 9-104 of the Tax-Property Article, Annotated Code of Maryland.
 - (6) **Total city real property tax.** “Total city real property tax” means the sum of all city real property taxes for which an eligible homeowner has property tax liability for a taxable year, but does not include special assessments and charges, such as for stormwater, refuse and the like, or interest and penalties on overdue real property taxes.

- (b) **Authority.** The local supplement is authorized by, and subject to, the provisions of §§ 9-104 and 9-215.1 of the Tax-Property Article, Annotated Code of Maryland. Except as otherwise provided in this section, all eligibility requirements, statutory definitions, restrictions, and procedures that apply to the state tax credit also apply to the local supplement.
- (c) **Eligibility.** To be eligible for a local supplement, a homeowner must:
- (1) be qualified for the state tax credit;
 - (2) be at least 70 years old as of the end of the calendar year preceding the taxable year for which the credit is sought; and
 - (3) have a combined gross income of \$40,000 or less.
- (d) **Amount.**
- (1) Beginning with the taxable year starting July 1, 2019, a local supplement is hereby allowed to eligible homeowners against the total city real property tax paid by the eligible homeowner for the taxable year in which the local supplement is sought.
 - (2) The amount of the local supplement is 25% of the eligible homeowner's total city real property tax for the taxable year in which the local supplement is sought.
 - (3) If a credit is granted under this section, a revised tax bill or a tax voucher may be used to adjust the final tax liability.
- (e) **Administration.** The Director of Finance shall assist the Maryland Department of Assessments and Taxation with respect to the administration and management of the local supplement program and may promulgate administrative regulations to carry out the purposes of this section.
- (f) **Penalties.** A person who knowingly submits a false or fraudulent application, or withholds information, to obtain a local supplement must repay the City for all amounts credited and all accrued interest and penalties that would apply to those amounts as overdue taxes and is subject to all fines and other penalties as may be provided by law. The City may enforce this subsection by appropriate legal action. A person who violates this subsection is liable for all court costs and expenses of the City in any civil action brought by the City against the violator.

SECTION II. AND BE IT FURTHER ENACTED AND ORDAINED BY THE BOARD OF ALDERMEN OF THE CITY OF FREDERICK, that in the event any provision, section, sentence, clause, or part of this ordinance shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause, or part of this ordinance, it being the intent of the City that such remainder shall be and shall remain in full force and effect.

SECTION III. AND BE IT FURTHER ENACTED AND ORDAINED BY THE BOARD OF ALDERMEN OF THE CITY OF FREDERICK, that this ordinance shall take effect on the date it is approved by the Mayor and all other ordinances or parts of ordinances inconsistent with the provisions of this ordinance will as of that date be repealed to the extent of such inconsistency.

PASSED:

DATE:

**Michael C. O'Connor, President,
Board of Aldermen**

APPROVED:

DATE:

Michael C. O'Connor, Mayor

Approved for Legal Sufficiency:

City Attorney