

PRINCE GEORGE'S COUNTY COUNCIL
COMMITTEE REPORT
2019 Legislative Session

Reference No.: CB-43-2019

Draft No.: 2

Committee: Government Operations and Fiscal Policy

Date: 9/26/2019

Action: FAV(A)

REPORT: Favorable as amended 5-0: Council Members Davis, Dernoga, Anderson-Walker, Hawkins and Streeter.

CB-43-2019 establishes the Homestead Property Tax Credit for County property tax for the taxable year beginning July 1, 2020, as required by State law.

The proposed bill sets the Homestead Property Tax Credit at 102% for county property taxes for the taxable year beginning July 1, 2020 (FY 2021). The tax credit decreases from the FY 2020 rate of 103% correlating to an increase in the amount of tax credit offered when compared to the previous fiscal year. The rate is based upon the percentage year-over-year change (increase/decrease) in the Consumer Price Index (CPI) between June 2018 and June 2019.

Attachment A to the Fiscal Impact Statement, provided by the Office of Management and Budget staff, shows a comparative summary of the estimated revenue losses and potential savings for FY 2021 related to a range of Homestead Property Tax Credit Percentage rates. The estimated FY 2021 revenue loss related to the Homestead Tax Credit is approximately \$78.5 million at the 102% rate. This loss is \$2.7 million more than what would have been lost had the rate remained at the 103% level. The bill was amended to reflect the right percentage and effective date, on page 1, line 19.

Stanley Earley, Director, Office of Management and Budget provided the Committee with an overview of the bill and its impact.

The Office of Law reports the bill to be in proper legislative form with no legal impediments to it enactment.

The Office of Audits and Investigations reports that CB-43-2019 will have a negative impact on the County related to the decrease in the County's Homestead Property Tax credit from 103% to 102%. The County is estimated to receive \$2.7 million less in real property tax revenue when compared to FY 2020.

After a thorough discussion, the Government Operations and Fiscal Policy Committee reported the bill out favorable as amended, 5-0.