



**THE PRINCE GEORGE'S COUNTY GOVERNMENT**  
**Office of Audits and Investigations**

September 11, 2018

**MEMORANDUM**

TO: Robert J. Williams, Jr.  
Council Administrator

William M. Hunt  
Deputy Council Administrator

THRU: David H. Van Dyke *DHV*  
County Auditor

FROM: Inez N. Claggett *INC*  
Senior Legislative Auditor

RE: Fiscal Impact Statement  
CB-069-2018 DR-1 Homestead Property Tax Credit

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***Legislative Summary***

CB-069-2018 establishes the Homestead Property Tax Credit for the County property tax for the taxable year beginning July 1, 2019 (FY 2020), as required by State law.

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***Background/Current Law***

Section 9-105(e)(3) of the Tax-Property Article of the Annotated Code of Maryland requires the enactment of the County's homestead property tax credit percentage for the taxable year beginning the following July 1, on or before March 15<sup>th</sup> of the year.

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***Resource Personnel***

Latasha Coates, Budget Analyst, Office of Management and Budget

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***Assumptions and Methodology***

The proposed Bill sets the Homestead Property Tax Credit at 103% for County property taxes for the taxable year beginning July 1, 2019 (FY 2020). The tax credit increases from the FY 2019 rate of 102%, correlating to a decrease in the amount of tax credit offered when compared to the previous fiscal year.

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Robert J. Williams, Jr.

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The rate is based upon the percentage year-over-year change (increase/decrease) in the Consumer Price Index (CPI) between June 2017 and June 2018.

Attachment A, provided by Office of Management and Budget staff, shows a comparative summary of the estimated revenue losses and potential savings for FY 2019 related to a range of Homestead Property Tax Credit percentage rates. Using FY 2019 as a base, and assuming revenue remains constant through FY 2020, the estimated FY 2020 revenue loss related to the Homestead Tax Credit is approximately \$71.2 million at the 103% rate. This is \$2.7 million lower than what would have been lost had the rate remained at the 102% level.

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***Fiscal Impact***

- Direct Impact

Enactment of CB-069-2018 will have a positive fiscal impact on the County related to the increase in the County's Homestead Property Tax Credit from 102% to 103%. In FY 2020, based on the latest available assessments, the County anticipates saving approximately \$2.7 million more in the Homestead Tax Credit in comparison to FY 2019.

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***Appropriated in the Current Fiscal Year Budget***

The enactment of the proposed legislation relates to anticipated revenue for FY 2020, for which a budget has not been adopted to date.

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***Effective Date***

The proposed Bill shall be effective forty-five (45) calendar days after it becomes law.

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If you require additional information, or have questions about this fiscal impact statement, please call me.

Enclosure

**Homestead Tax Credit in Prince George's County**

[Source: State Department of Assessments and Taxation, September 5, 2018]

**ATTACHMENT A  
CB-069-2018**

FY2020	Cap	Credited Assessment	Revenue Loss (Est.)	Potential Savings vs 0%
	0% \$	7,951,026,444 \$	79,510,264	
	1%	7,671,448,614	76,714,486	
	2%	7,396,192,111	73,961,921	
	<b>3%</b>	<b>7,123,420,036</b>	<b>71,234,200</b>	<b>8,276,064</b>
	4%	6,853,463,409	68,534,634	10,975,630
	5%	6,587,738,504	65,877,385	13,632,879
	6%	6,327,564,027	63,275,640	16,234,624
	7%	6,072,592,073	60,725,921	18,784,344
	8%	5,823,119,508	58,231,195	21,279,069
	9%	5,579,314,379	55,793,144	23,717,121
	10%	5,341,402,241	53,414,022	26,096,242