

Prince George's County Council

Agenda Item Summary

Meeting Date: 9/19/2006
Reference No.: CB-054-2006
Draft No.: 1
Proposer(s): County Executive
Sponsor(s): Dernoga
Item Title: An Act establishing the homestead property tax credit for the County property tax for the taxable year beginning July 1, 2007, as required by State law

Drafter: Matthew Stanski, OMB
Resource Personnel: Matthew Stanski, OMB

LEGISLATIVE HISTORY:

Date Presented:	6/20/2006	Executive Action:	9/19/2006 S
Committee Referral:	6/20/2006 - C.O.W.	Effective Date:	11/6/2006

Committee Action: 7/11/2006 - FAV

Date Introduced: 7/18/2006
Public Hearing: 9/19/2006 - 1:30 PM

Council Action (1) 9/19/2006 - ENACTED
Council Votes: MB:A, WC:A, SHD:A, TD:A, CE:A, DCH:A, TH:A, TK:A, DP:A
Pass/Fail: P
Remarks:

AFFECTED CODE SECTIONS:

10-241.02

COMMITTEE REPORTS:

COMMITTEE OF THE WHOLE

Date 7/11/2006

Committee Vote: Favorable, 8-0, (In favor: Councilmembers Dernoga, Exum, Campos, Dean, Harrington, Hendershot, Knotts, and Peters.)

This bill will set the homestead property tax credit at 104% for the taxable year beginning July 1, 2007. The Annotated Code of Maryland, Section 9-105(e)(2), states that the County Council shall determine the homestead property tax credit percentage by November 15th of each year. The County Charter provides that the credit percentage shall be no greater than 100% plus the percentage of increase in the Consumer Price Index (CPI) for the previous twelve months but not more than 105%. In July 2006, due to changes in the CPI, the credit was increased from 3% to 4%. The Office of Management and Budget has determined, based on the recent changes in the CPI, that the homestead property tax credit percentage is to be set at 104% for the taxable year beginning July 1, 2007.

The fiscal impact on the County will be negative in the amount of \$113,264,719 in FY2008. However, the proposed Tax Credit percentage rate for the taxable year beginning July 1, 2007 (FY2008) is higher than the level set for FY2007 (CB-61-2005), thereby increasing the County's property tax revenue by approximately \$5,591,741 in FY2008.

BACKGROUND INFORMATION/FISCAL IMPACT:

(Includes reason for proposal, as well as any unique statutory requirements)

This legislation will establish the homestead property tax credit for the County property tax for the taxable year beginning July 1, 2007, as required by State law. Based on recent changes in the Consumer Price Index (CPI), the Homestead Property Tax Credit percentage needs to be set at 104% for the taxable year beginning July 1, 2007.

The Homestead Property Tax Credit was created to limit taxable assessment increases on a property owner's principal residence. The limit on taxable assessments will reduce revenues. Revenues will decrease in FY 2008 by a total of \$113.2 million.

CODE INDEX TOPICS:

INCLUSION FILES:
