

approved

senior tax credit task force

Minutes of the March 6, 2008, meeting

The Senior Tax Credit Task Force met on March 6, 2008, in the Ellicott Room, Howard Building, 3430 Courthouse Dr., Ellicott City, MD, at 2 pm.

The following members of the task force were in attendance: Ted Meyerson, Frank Chase, Sara Hamer, Don Dunn, Larry Lewis, Janice Bloodsworth, Peter Rogers. Colin Burke, Sue Buswell, and Sue Brown.

Others from staff in attendance were Linda Watts, Jeff Meyers, and Diana Coll.

The meeting was open to the public and press.

The chairman called the meeting to order at 2:07 p.m.

The task force approved the minutes from November 1, 2007, without change.

Ms. Watts distributed a packet about the County's experience with senior tax credit so far. As of the end of February, 794 applicants received credits that totalled \$415,709.58. An additional 277 applicants did not receive credits from the County because of the size of their State credits. An additional 65 applicants were found to be ineligible and 21 applicants withdrew their applications. Most of the ineligible applicants had incomes that exceeded the ceiling; however, some were not old enough and some had assets above the limit. The average County senior tax credit was \$388.15, which resulted in an average final County tax bill for recipients of \$1,456.09. Ms. Watt's report indicated that, based on the revised federal poverty level, the income limit for 2008 is \$70,000. Also, based on the experience of the Department of Finance in 2007, for this year, those with incomes over \$45,000 will not be required to apply for the State Homeowner's Tax Credit. Copies of the full report are available from the Council staff.

Mr. Dunn reported that he had visited the State Department of Assessments and Taxation office on Preston Street and had been shown the lengthy and complicated process the State uses to evaluate applications for the Homeowner's Tax Credit.

Ms. Watts indicated that the Department has no hard information about the number of people who might be eligible for the senior tax credit but have not applied. Ms. Watts reported that outreach efforts will resume in the new few weeks. The task force unanimously believes that it is critically important to find out the number of people who did not apply but who might be qualified. Several members suggested that the County might work with the State Comptroller to try and mine income tax data to help close the information gap. Ms. Watts will report back on whether the Comptroller will cooperate in this effort. It is also not clear how many people might have been discouraged from applying because of the asset test.

Mr. Dunn distributed a document that contained a variety of suggestions and questions about the task force's report from last November. Mr. Dunn indicated that the document was almost entirely prepared by Rusty Toler and that people should ignore the paragraph that stated that it represented the views of "the Committee". "The Committee" refers to a

housing committee of the Commission on Aging, which had not been able to meet to review the document. Mr. Dunn asserted that Mr. Toler had relevant experience and expertise in data collection. The task force, because it had only just received the document, deferred a discussion of it.

Mr. Chase reiterated his conviction that the County should distribute property tax credits to poor taxpayers without regard for any State credits they might receive. Mr. Dunn thought that the poorest taxpayers should not have to pay property tax at all. If the bill could not be reduced to zero by action of credits, then these taxpayers, and possibly all senior taxpayers, should be allowed to entirely defer their taxes until the house is sold. State law, which the County has implemented, allows those 65 and older to defer the increase in property taxes only, not the entire bill. Mr. Dunn suggested that the General Assembly could change the law. Mr. Chase objected to allowing credits to those with incomes over \$60,000; those credits should be granted to poorer taxpayers. Ms. Buswell pointed out that it was a policy decision on the part of the County to offer credits to those who with higher incomes than the State's limits. Ms. Brown pointed out that, for the poorest taxpayers, after the State credits are applied, there is little tax left.

Mr. Rogers analyzed Schedule A of Ms. Watt's handout. His analysis showed that the bulk of the County credit went to those with incomes over \$40,000 but less than the ceiling -- \$68,450. Ms. Buswell pointed out that the assessments are generally higher for those with higher incomes making the analysis muddier. Mr. Rogers concluded that, after credits, applicants paid about 3% of their incomes in property tax, which seemed reasonable. Mr. Burke pointed out that, before the housing hyperinflation of recent years, most people would have been paying about 3% of income in property taxes. Today, many people pay about 7%. Thus, the credit has restored predictability to retirees in the County. Mr. Rogers pointed out that it is not property valuation per say that drives taxes but rather government spending. Specifically, government can reduce the tax rate (mil rate) to compensate for higher property valuation in order to be revenue neutral.

Mr. Meyerson pointed out that the task force has until November to decide on its recommendations and there was no need to decide today. Mr. Lewis reminded the task force about the task that the County Council had assigned to it -- in the words of Mr. Rogers, its "core mission".

Ms. Watts agreed to do additional analysis and modeling based on parameters supplied by the task force.

Mr. Meyerson asked the task force whether the members wished for him to remain chairman. By a show of hands, everyone present indicated they wanted him to remain as chairman.

The meeting adjourned at 3:17 p.m.

Respectfully submitted,

Jeff Meyers