COMMISSION ON AGING VIEWS ON PROPOSED COUNCIL BILLS ON THE SENIOR TAX CREDIT AND AGING IN PLACE TAX CREDIT PROGRAMS

NOVEMBER 21, 2016

The Commission on Aging (COA) believes the bills currently under consideration to expand the Senior Tax Credit and to create a new Aging-in-Place Tax Credit are an excellent beginning to addressing the growing need to help ensure that our County's seniors can remain in their homes and continue to play a vibrant and important role in our community. Without this type of tax relief, many long-term resident seniors who have benefitted on paper from rising property values and who live on fixed incomes may have difficulty paying tax bills based on current valuations. The Commission strongly supports this important legislation. We strongly support this important legislation with modifications. We have suggestions which we believe will improve the bills:

<u>Senior Tax Credit Program</u>: The bill expands the eligibility pool of the current Credit by lowering the age of eligibility from 70 to 65 and keeps the "household net worth" exclusion at $500,000. The bill continues the requirement that applicants first apply for the Maryland Homeowner's Property Tax Credit before being eligible to apply for the County's Senior Tax Credit.

The coordination of benefits makes sense; however, the bill establishes a "net worth" calculation that differs from the State's. This makes the coordination of benefits more complex and also makes the County's requirement more stringent than the State's which we do not believe is the intent. The State net worth calculation *excludes* "the cash value of any qualified retirement plan or individual retirement account." We believe the County bill should conform to the State's exclusionary language.

<u>Aging-in-Place Tax Credit</u>: We believe the intent of this bill is laudable. We suggest that the emphasis of the bill should be changed from "aging in place" to "*aging in **community***" in line with developments in Federal policies in recent years which emphasize the continuity of senior residence in their home <u>communities</u> even if they choose to downsize their residences. This same emphasis is in other programs/services of Howard County.

1. The Tax Credit should be made portable for seniors wishing to downsize and to remain in Howard County. Because the proposed Tax Credit inheres to the property, it helps seniors age in place only as long as they can maintain and remain in their current home. The non-transferability of the credit provides a <u>dis</u>incentive to seniors who may need to downsize their homes but remain in our <u>community,</u> Howard County. It makes it more difficult and expensive for senior homeowners when they can no longer maintain an existing property but seek to downsize since the loss of the credit could have the effect of increasing real estate taxes. For seniors on fixed incomes, this could be a serious burden. It inadvertently defeats the goal of aging in community.

2. We support the reduction of the eligibility period of continuous residence from 40 to 25 years. This also is being introduced by Senator Gail Bates as state legislation. The 40-year requirement seems overly restrictive since a 65-year-old would have to have purchased their home at age 25 in

order to have lived there 40 years by age 65. We think that the requirement that the homeowner live in the same dwelling for 40 (or 25 years) is too stringent if the rationale for the legislation is that residents 65+ generally live on fixed incomes. We recommend that the requirement be modified to require the homeowner to have *lived in Howard County, not necessarily in the same dwelling,* for 25 years. Many long-term residents in the County moved into starter homes, moved up as family circumstances warranted and now may need to downsize. We also believe that there are circumstances where an individual could be hospitalized in an out-of-county hospital or rehabilitation center for recuperation for an extended period of time and that this period should not invalidate previously accumulated credit of resident time towards the Credit.

3. We believe the five-year limit on the Tax Credit should be removed and the Tax Credit should continue for as long as the individual remains in the County. The need for the Credit does not diminish over time. In fact, for those taxpayers on fixed income the need would be higher after the five-year period.

4. We note that while the proposed bill defines "Armed Forces of the United States," it does not define "retired member of the Armed Forces." It is not clear if the credit would be available to only members of the armed forces of the United States who have officially retired from the military and are age 65 or older or if it would be available to all former members of the armed forces who have reached age 65.

The proposed legislation also raises several questions:

1. Is the application of the Aging-in-Place Credit coordinated with the also existing Homestead Tax Credit which applies to all County homeowners? The proposed legislation states that all other credits must be applied for before the Senior Tax Credit is granted. However, we find no similar statement about the Aging-in-Place/Community Tax Credit.
2. How will these programs be publicized so that eligible senior taxpayers can avail themselves of these programs? There is reference in the Aging-in-Place/Community bill about publicity, but no reference in the Senior Tax Credit bill. The Commission feels strongly that merely "publicizing" these has been insufficient – more needs to be done such as putting a flyer into the tax bill to call attention to these possibilities. Seniors simply are unaware of them.
3. If a senior is eligible for assistance under the Senior Tax Credit program would the taxpayer be eligible for the Aging in Place/Community Tax Credit in a different year? Could a senior use one in a given year and the other the next?

Thank you for this opportunity to comment on the proposed legislation.

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