HOWARD COUNTY OFFICE OF COUNTY EXECUTIVE
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Howard County Council
George Howard Building
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Dear Council Chair Rigby and Councilmembers:

Our office has conducted a comprehensive review and forecast of the fiscal impact of the proposed CB37-2023 amendment to the current Aging in Place (AIP) Tax Credit. The current AIP tax credit was amended last year by the passing of CB52-2022 which extended the applicable duration from 5 to 8 years, while also reducing the residency requirement from 38 years to 30 years. The bill also increased the assessed value of the eligible property from $500,000 to $650,000.

Prior to the passing of CB52-2022, the total number of credits that were eligible for the program was under 2,500 and under $2 million granted in total tax credits. However, with the passing of CB52, the total tax credits granted surpassed our projected total tax credits of $3.8 million to more than $4.5 million in Calendar Year 2023 (Fiscal Year 2024) with a total of more than 4,500 credits granted.

The proposed amendment that is the subject of our latest analysis will cost the County approximately $76.5 million for the 8-year eligibility window, which is in excess of $18.2 million more than anticipated with the current law, at an average of $9.6 million annually compared to the current average of about $7 million annually.

Furthermore, the increase in assessed value from $500,000 to $650,000 raised average tax credit per household from $780 to approximately $950. The average credit will continue to rise as the assessed values increase for those properties under the current threshold until all eligible properties hit the cap of $650,000.

The exclusion clause of owners of multiple properties not being eligible for the AIP tax credit is of immense value to the County's residents as this provide some equity for those who are struggling and on fixed incomes, like most of our aging population. I strongly believe that if you have multiple homes, paying the full property tax is fair. The exclusion is also a huge buffer to the County's revenues because it mitigates the potential population of more than 8,000 from getting the credit.
As for the inclusion of retired military (veterans) in the amendment, this is a moot point as they are already included in the current law.

Without the exclusion, all property owners who have multiple homes (including business owners) will now be eligible and nothing will prohibit them from getting the credit, since the credit is now auto renew and the eligibility is simply living in their homes for 30 plus years and over the age of 65 or an eligible spouse.

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It is an admirable aspiration to provide tax credits to our residents. We already provide numerous credits and have expanded some as circumstances warranted. However, the proposed CB37-2023 amendment to the current Aging in Place (AIP) Tax Credit will have the opposite effect and create additional hardship for the County and its residents who we are working so hard to assist.

Thank you for your attention to these impacts as you consider CB37-2023, the proposed amendment to CB52-2022. With your partnership, we will continue to do what's best for all our residents, while also keeping our County the model for safety, emergency response, employee excellence, and sound financial management.

Sincerely,

Rafiu Ighile

Director of Finance
Howard County Department of Finance
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Cc: Brandee Ganz, Chief Administrative Officer
Jennifer Sager, Legislative Coordinator
Patrick Pope, Assistant Chief Administrative Officer
Craig Glendenning, County Auditor

Aging in Place Tax Credit

Summary: Reviewed fiscal impact of extending AIP credit term maximum to 8 years, in comparison to current AIP legislation (CB-52 amendments and removing the exclsion) existing recipients. Assumptions: factoring in an estimated number of newly eligible residents annually (85% of eligible) to estimate the total County liability; analysis includes a 2% annual inflation and 3% estimated turnover. Under current guidelines, once a resident is eligible, they can receive the credit for up to 8 years. The review details the reduction to revenue based on comparison of the current AIP tax credit program and removing the exclusion clause .

Summary of Scenarios (in millions)

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	8 year total
CB52-2022 Legislation	$ 3.8	$ 7.2	$ 7.8	$ 7.0	$ 7.4	$ 7.8	$ 8.3	$ 8.9	$ 8.4	$ 58.3
Average - $/Year										7.3
Proposed CB37 Legislation w/o Exclusion	$ 8.0	$ 8.8	$ 8.0	$ 8.8	$ 9.6	$ 10.3	$ 11.2	$ 11.7	$ 12.3	$ 76.5
Reduction to Revenue	**(4.1)**	**(1.6)**	**(0.2)**	**(1.8)**	**(2.2)**	**(2.5)**	**(2.9)**	**(2.9)**	**(3.9)**	**(18.2)**
Average - $/year										9.6

**** Phase in to 30 years at FY 2024 , no additional reduction in years***

Payout	**$ 4.4**
Potential credits	$ 3.6