

Invite to Audience (online submissions) 1-16-2024

Timestamp	First name	Last name	City	State	Zip Code	Are you representing yourself?	If no, what organization or whom do you represent?	Remarks	Attachment
2024-01-15 22:26:19	Lynn	Nappari	Glen Burnie	MD	21060-6912	Yes		<i>I would like to express my support for Bill 92-23 (as amended) and request that it be passed by the unanimous vote of the council.</i>	
2024-01-16 8:38:11	Kurt	Svensden	ARNOLD	MD	21012	Yes		Please see attached one-page written testimony including referenced attachments RE: Affordable Housing and the existing County Homeowners Property Tax Credit Program.	Yes
2024-01-16 10:08:14	Jane	Malone	Annapolis	MD	21401	No	Jane Malone	<i>I Jane Malone, affiliated with 605 and 607 North Bestgate Road strongly oppose bill number 92-23a.</i>	

Jan 16, 2024 County Council – Invitation to Audience
Real World Example of Target Population – They’re Being Left Out!

I need to call attention to how County government directly contributes to the problem of housing affordability for “essential workers” with low and moderate incomes who have achieved homeownership but struggle to maintain it.

To illustrate this, I’m going to **share the story of an essential worker in Anne Arundel County that I recently met**. To protect her privacy, the data shared is consistent with her situation but not exact. Jane Doe is a 62 year old widow. Nearly 30 years ago, she and her husband bought a modest home on the edge of a residential community in north county, now just a stones throw away from an auto service station and the back of a small strip mall. Built in the 1940’s, this 1,000 SF detached home with 3 bedrooms and 1 & ½ baths now has a taxable value of \$250,000; \$180,000 after applying her Homestead Tax Credit.

Jane qualifies for about \$11,000 per year in spousal survivors benefits from her husband’s Social Security. To supplement this, she works 10 months a year for approximately 30 hours per week at \$20 per hour (\$26,400 per year). However, since that exceeds the annual earnings limit of just \$22,320 for 2024, over \$2,000 of her spousal survivors benefits are withheld by the Social Security Administration (\$1 for every \$2 earned over the limit). So, in the end, **Jane’s annual gross income is \$35,160** (\$26,400 + \$10,800 - \$2,040). **Her county property tax bill of \$1,764 is 5.0% of her household income.** This is a “regressive” rate of taxation when one considers the fact that the median county property tax bill is 3.3% of household income.

Jane didn’t know it, but she is **eligible** for the County’s Supplement to the State Homeowners Property Tax Credit Program. But, due to restrictive provisions of the County’s Program, Jane does NOT qualify for any credit... her data yields a credit of ZERO.

If the County’s Program was adjusted as I proposed last year (see attached), Jane would qualify for **an \$889 credit**, and **her property tax bill of \$875 would represent 2.5% of her income**. That’s more in line with the median property tax burden of 3.3% in this County. It is, in fact, a bit “progressive” ... as it ought to be.

Sincerely,

Kurt Svendsen, Arnold, MD

Property Tax and Income Tax; A Focus on *Burden*

Tax Burden for Sample Taxpaying Households: Anne Arundel County											
Property Tax Amount = Property Tax Rate x (Taxable Assessed Value / \$100)											
			\$0.933	What Should We Do?							
Income Tax Amount = Income Tax Rate x Taxable Income Tier Value											
							2.81%	2.70%	1st \$50K		
								2.81%	> \$50K		
Category	Household Income (HHI)	Est Current Market Value	Property Tax Burden		Income Tax Burden						
			Property Tax Amount	As % of HHI	Property Tax Amount	As % of HHI	Before Graduated Rates		After Graduated Rates		
			Property Tax Amount	As % of HHI	Property Tax Amount	As % of HHI	Income Tax Amount	As % of HHI	Income Tax Amount	As % of HHI	
"Median" Home Value: \$400,000											
Low	\$57,000	\$400,000	\$3,732	6.5%	See Proposed Change to: "Homeowners Property Tax Credit"			\$1,602	2.81%	\$1,547	2.71%
Mid-Low	\$80,000	\$400,000	\$3,732	4.7%				\$2,248	2.81%	\$2,193	2.74%
Median	\$114,000	\$400,000	\$3,732	3.3%				\$3,203	2.81%	\$3,148	2.76%
High	\$160,000	\$400,000	\$3,732	2.3%				\$4,496	2.81%	\$4,441	2.78%
"Low" Home Value: \$250,000											
Low	\$36,000	\$250,000	\$1,840	5.1%	Existing authority allows us to "fix" this. At least have a public debate over this policy.			\$1,012	2.81%	\$957	2.66%
Mid-Low	\$50,000	\$250,000	\$2,333	4.7%				\$1,405	2.81%	\$1,350	2.70%
Median	\$71,000	\$250,000	\$2,333	3.3%				\$1,995	2.81%	\$1,940	2.73%
High	\$100,000	\$250,000	\$2,333	2.3%				\$2,810	2.81%	\$2,755	2.76%
"High" Home Value: \$750,000											
Low	\$107,000	\$750,000	\$6,998	6.5%			\$3,007	2.81%	\$2,952	2.76%	
Mid-Low	\$150,000	\$750,000	\$6,998	4.7%			\$4,215	2.81%	\$4,160	2.77%	
Median	\$214,000	\$750,000	\$6,998	3.3%			\$6,013	2.81%	\$5,958	2.78%	
High	\$300,000	\$750,000	\$6,998	2.3%			\$8,430	2.81%	\$8,375	2.79%	

Property Tax Burden – *A Proposed Change*

Proposed Changes in County's Supplement to "Homeowners Property Tax Credit" Program

- > County limit on amount of taxable assessed value subject to supplemental credit calculation is increased from \$300,000 to \$500,000.
- > The percentages and combined income levels used to determine the limit to the amount of property tax to be paid is adjusted.
 - Compare "Local Tiers" sections below.

As Is - Existing

<u>System Assumptions</u>				<u>State Tiers</u>			<u>Local Tiers</u>		
Tax Rate (per \$100):		\$0.933		Tier	Amount	%	Tier	Amount	%
State Limits				1st	\$8,000	0.0%	1st	\$4,000	0.00%
Taxable Assessed Value:		\$300,000	calc amt	2nd	\$4,000	4.0%	2nd	\$4,000	0.00%
Combined Income:		\$60,000	eligibility	3rd	\$4,000	6.5%	3rd	\$4,000	0.00%
County Limits				4th	\$44,000	9.0%	4th	\$4,000	3.00%
Taxable Assessed Value:		\$350,000	calc amt				5th	\$4,000	7.00%
Combined Income:		\$60,000	eligibility				6th	\$40,000	9.00%

What If - Proposal

<u>System Assumptions</u>				<u>State Tiers</u>			<u>Local Tiers</u>		
Tax Rate (per \$100):		\$0.953 *		Tier	Amount	%	Tier	Amount	%
State Limits				1st	\$8,000	0.0%	1st	\$25,000	0.0%
Taxable Assessed Value:		\$300,000	calc amt	2nd	\$4,000	4.0%	2nd	\$25,000	3.5%
Combined Income:		\$60,000	eligibility	3rd	\$4,000	6.5%	3rd	\$10,000	4.0%
County Limits				4th	\$44,000	9.0%			
Taxable Assessed Value:		\$500,000	calc amt						
Combined Income:		\$60,000	eligibility						

* Less than a two cent increase is required to make this proposal "revenue neutral."

Property Tax and Income Tax; A Focus on *Fairness*

Tax Burden for Sample Taxpaying Households: Anne Arundel County										
			Property Tax Amount = Property Tax Rate x (Taxable Assessed Value / \$100)							
			\$0.933		Proposal: Amend Homeowner Property Tax Credit (revenue neutral: \$0.953)					
			Income Tax Amount = Income Tax Rate x Taxable Income Tier Value				Tier			
					2.81%		2.70%		1st \$50K	
							2.81%		> \$50K	
Household Category	Income (HHI)	Est Current Market Value	Property Tax Burden				Income Tax Burden			
			Current Structure		As Proposed		Before Graduated Rates		After Graduated Rates	
			Property Tax Amount	As % of HHI	Property Tax Amount	As % of HHI	Income Tax Amount	As % of HHI	Income Tax Amount	As % of HHI
"Median" Home Value: \$400,000										
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