



Bill No. _____

Concerning: Disabled Veterans Property Tax

Credit _____

Introduced: _____

Revised: _____ Draft No. _____

Enacted: _____

Effective: _____

Expires: _____

Frederick County Code, Chapter 1-8

Section(s) 68

COUNTY COUNCIL FOR FREDERICK COUNTY, MARYLAND

By: Council Members Steven McKay, Jessica Fitzwater, Kai Hagen and Council Vice President Michael Blue

AN ACT to: establish a Disabled Veterans Property Tax Credit.

Date Council Approved: _____ Date Transmitted to Executive: _____

Executive: _____ Date Received: _____

Approved: _____ Date: _____

Vetoed: _____ Date: _____

Date returned to Council by County Executive with no action: _____

By amending:

Frederick County Code, 1-8 68

Other: _____

Boldface

Underlining

[Single boldface brackets]

Heading or defined term.

Added to existing law.

Deleted from existing law.

Existing law unaffected by bill.

1 Bill No. _____

2
3 The County Council of Frederick County, Maryland, finds it necessary and appropriate to
4 amend the Frederick County Code to create a Disabled Veterans Property Tax Credit under Md.
5 Code Ann., Tax-Prop. § 9-265, define eligibility criteria for the credit, establish the application
6 procedure for the credit, providing for calculation and duration of the credit, and establishing a
7 deadline for filing for the credit.

8 NOW, THEREFORE, BE IT ENACTED BY THE COUNTY COUNCIL OF
9 FREDERICK COUNTY, MARYLAND, that the Frederick County Code be, and it is hereby,
10 amended as shown on the attached Exhibit 1.

11 BE IT FURTHER ENACTED BY THE COUNTY COUNCIL OF FREDERICK
12 COUNTY, MARYLAND, that there is hereby established a Disabled Veterans Property Tax
13 Credit authorized under Md. Code Ann., Tax-Prop. § 9-265.

14
15
16
17
18 _____
19 M.C. Keegan-Ayer, President
20 County Council of Frederick County,
21 Maryland

ARTICLE III.B: DISABLED VETERANS TAX CREDIT

§ 1-8-68. DISABLED VETERANS PROPERTY TAX CREDIT

(A) Definitions. In this section the following words have the meanings indicated.

Disabled Veteran. An individual who:

(1) is honorably discharged or released under honorable circumstances from active military, naval, or air service as defined in 38 U.S.C. § 101; and

(2) has been declared by the Department of Veterans Affairs to have a permanent service-connected disability of at least 50% that results from blindness or any other disabling cause that:

(a) Is reasonably certain to continue for the life of the veteran; and

(b) Was not caused or incurred by misconduct of the veteran.

Dwelling House.

(1) Real property that is:

(a) The legal residence of a disabled veteran; and

(b) Occupied by not more than two families; and

(2) Includes the lot or curtilage and structures necessary to use the real property as a residence.

(B) Creation. A tax credit against county property taxes levied on a dwelling house owned by an eligible disabled veteran or the eligible spouse of a deceased disabled veteran is hereby granted pursuant to Md. Code Ann., Tax Property Article, §9-265.

(C) Eligibility. A disabled veteran or a disabled veteran's surviving spouse is eligible for a county property tax credit under this section if:

(1) the dwelling house is owned by

(a) a disabled veteran; or

(b) a surviving spouse of a disabled veteran, if:

1. the dwelling house was owned by the disabled veteran at the time of the disabled veteran's death; and

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*** - indicates existing law unaffected by bill.

1 2. the surviving spouse meets the requirements of this section;
2 and

3 (2) the disabled veteran's federal adjusted gross income for the immediately
4 preceding taxable year does not exceed \$100,000; and

5 (3) the application requirements of subsection (E) of this section are met.

6 (D) Calculation. The property tax credit provided in this section shall equal:

7 (1) 50% of the county property tax imposed on the dwelling house if the
8 disabled veteran's service-connected disability rating is at least 75% but not more than 99%; or

9 (2) 25% of the county property tax imposed on the dwelling house if the
10 disabled veteran's service-connected disability rating is at least 50% but not more than 74%.

11 (E) Application.

12 (1) A disabled veteran or a surviving spouse of a disabled veteran shall apply
13 for the property tax credit under this section by providing to the County:

14 (a) A copy of the disabled veteran's discharge certificate from active
15 military, naval, or air service; and

16 (b) On the form provided by the County, a certification of the disabled
17 veteran's disability from the Department of Veterans Affairs.

18 (2) The disabled veteran's certificate of disability may not be inspected by
19 individuals other than:

20 (a) The disabled veteran; or

21 (b) Appropriate employees of the county.

22 (F) Duration. The tax credit shall be available each taxable year that a disabled veteran
23 is eligible as determined in subsection (C). An application must be filed each taxable year that the
24 credit is sought.

25 (G) Surviving Spouse. The surviving spouse of an eligible disabled veteran, who has
26 not remarried, shall be eligible to apply for the property tax credit for a maximum of 5 (five)
27 taxable years following the death of the eligible disabled veteran.

28 (H) Time for Filing of Application. An application for, or renewal of, the tax credit
29 created by this section shall be filed on or before April 1 immediately before the taxable year for
30 which the tax credit is being sought. If the application or renewal is filed after April 1, the credit

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1 shall be disallowed that year but shall be treated as an application or renewal for a tax credit for
2 the following taxable year.

3 (I) Termination of Credit.

4 (1) The tax credit created by this section shall terminate on the sooner of the
5 disabled veteran, or the surviving spouse of a disabled veteran:

6 (a) No longer meeting the eligibility requirement in subsection (C) and
7 (G), as appropriate; or

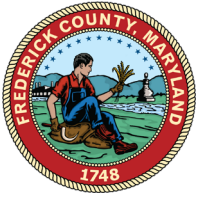
8 (b) No longer residing in or owning the dwelling house for which the
9 tax credit was granted.

10 (2) When a disabled veteran or surviving spouse of a disabled veteran no longer
11 meets the eligibility requirements of this section, they shall notify the Treasurer that the dwelling
12 house is no longer eligible for this tax credit.

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To: County Council

From: Council Member Steve McKay (on behalf of co-sponsors Council Vice President Michael Blue, and Council Members Jessica Fitzwater and Kai Hagen)

Date: 9 March 2021

Subject: Providing for a Property Tax Credit for Disabled Veterans in Frederick County

Issue:

Should the Frederick County Council implement a new two-tiered property tax credit for veterans with disability ratings of at least 50%?

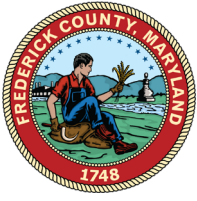
Background:

As we all are residents of the United States, we all owe a great debt to our military service members, including those who currently serve, our veterans, and those we've lost. For the last three decades, our country has been at war. This period of time is unparalleled in our modern history. From the Persian Gulf War, the Bosnian conflict, Afghanistan, Iraq, Syria, and Africa, our brave men and women have served through nearly constant conflict. They have fought and they have bled for us. Some have given their all, and we can never repay that ultimate sacrifice. Our disabled veterans hold a special place in our hearts. They served and sacrificed body and mind for our Country. They've returned to civilian life, and many struggle to cope and adapt.

In 2020, the State Legislature passed HB257/SB417, which provides property tax credits for veterans with a service-related disability rating of at least 50%. Maryland law already provided for a complete property tax exemption for veterans with a 100% disability rating. The new law extended the benefit with a two-tiered property tax credit: 25% property tax credit for disability ratings of 50-74%, and 50% property tax credit for disability ratings of 75-99%. The law limits the tax credit to disabled veterans with an adjusted gross income of \$100,000 or less, and allows the tax credit to continue to be provided to the surviving spouse of a deceased disabled veteran. Additional details may be provided by individual counties or municipalities.

I think we all understand the concept of a veteran's disability, but what does a specific disability rating mean? The disability rating system administered by the Department of Veterans Affairs was originally created in 1949 as a means to compensate service members who were injured due to their military service. At that time, the Veterans Administration Schedule for Rating Disabilities (VASRD) was created. This schedule was an attempt to rate the employability of the veteran, from 0 to 100%, where 100% disability indicates severe impairment that would prevent the service member from getting gainful civilian employment. The rating system is very complex and attempts to quantify every ailment known to man or woman!

So what does it mean to have a disability rating of 50%? Some examples include:



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- Replacement of your non-dominant shoulder joint;
- Loss of 3 digits on your non-dominant hand;
- Removal of more than 6 ribs;
- Loss of one eye, with impaired sight (20/50) in the other eye;
- A mental disorder (e.g., PTSD) resulting in occupational and social impairment with reduced reliability and productivity due to various defined symptoms, including: panic attacks, difficulty understanding complex commands, memory impairment, and impaired judgment.

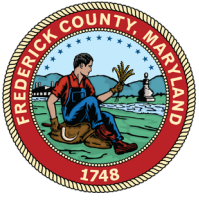
More severe disability ratings include:

- Amputation of the leg from the upper third of the thigh – 80%;
- Loss of an eye with severe sight impairment in the remaining eye (15/200) – 80%;
- Hip replacement resulting in painful motion or weakness, requiring crutches – 90%;
- Mental disorder (e.g., PTSD) with occupational and social impairment resulting in deficiencies in most areas, such as work, school, family relations, judgement, thinking or mood, due to such symptoms as: suicidal ideation; obsessional rituals which interfere with routine activities; speech impacts; near-continuous panic or depression; impaired impulse controls; spatial disorientation... – 70%.

Disabled veterans are compensated by the Department of Veterans Affairs, based on their disability rating. Now, the State Legislature has enabled us here in Frederick County to offer our own thanks and compensation with this property tax credit.

So what will this proposed bill do? Much of the bill implements what was enacted into State law last year. Specifically, it defines a “disabled veteran” and a “dwelling house,” establishes eligibility criteria for the property tax credit, provides for the two-tiered property tax credit, and establishes an application process. Additionally, and as allowed in the State law, the bill goes further by defining the eligibility of a “surviving spouse,” the deadline for the application, and criteria for terminating the tax credit. Lastly, the bill also defines the duration of the tax credit, which will be renewable each year until either: (1) the disabled veteran or the surviving spouse no longer meet the stated eligibility requirements, or (2) no longer dwell in or own the dwelling house for which the property tax credit was granted.

How much will this bill cost? Before addressing this point, I will state that I do not believe that the cost to the County is an important consideration in this bill. The cost that these disabled veterans bear every day as a result of their service makes trivial the cost to the County’s budget of enacting this bill. Nonetheless, the County is estimating that this bill will cost over \$1.6M per year in lost tax revenue and additional expenses. This estimate is based on certain assumptions on the numbers of disabled veterans here in Frederick County who qualify and then apply for this tax credit. This expense represents a mere 0.2% of the FY21 budget. As a Council, we make budget decisions throughout the year, and we do so based on how we prioritize the issue at hand. So I ask you to consider – how do you prioritize our disabled veterans?



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In conclusion, our disabled veterans have sacrificed themselves for us and for our country. The State has provided us this property tax credit as a way of assisting these veterans. I think it is also a way for all of us to thank these veterans and to show how we value their sacrifices. I hope that you will agree, and I hope that you will support this bill.