

**BOARD OF GARRETT COUNTY COMMISSIONERS**  
**PUBLIC MEETING**  
**Monday, February 5, 2024**

Meeting was also Live Streamed at <https://www.facebook.com/garrettcountygovernment/>

**IN ATTENDANCE**

**Chairman Paul C. Edwards**  
**Commissioner Ryan S. Savage**  
**Commissioner S. Larry Tichnell**  
  
**County Administrator Kevin G. Null**

**ADMINISTRATIVE SESSION**

1. Mr. Michael Bell presented the Board of County Commissioners with information on his perception of the “Distributional Impact of Homestead Tax Credit” (attached)
2. The Board of County Commissioners discussed its 2024 off-site Public Meeting locations.
3. Mr. Null reviewed a number of administrative and managerial matters under his authority and jurisdiction with the Board of County Commissioners.

**CALL TO ORDER OF PUBLIC SESSION at 4:00 PM**

**PRAYER & PLEDGE OF ALLEGIANCE – Invocation by Commissioner Tichnell**

**PUBLIC SESSION**

1. Mr. Null indicated there was no addition or deletion to the Public Meeting Agenda. The Board of County Commissioners, on a motion by Commissioner Tichnell, which was seconded by Commissioner Savage, and made unanimous by Chairman Edwards, approved the Public Meeting Agenda for February 5, 2024.
2. The Board of County Commissioners, on a motion by Commissioner Savage, which was seconded by Commissioner Tichnell, and made unanimous by Chairman Edwards, approved the Public Meeting and Executive Session Minutes of January 23, 2024.
3. In compliance with the Maryland Open Meetings Act under Section 3-306 (c), a record of the Executive Session for January 23, 2024 is hereby documented on this date, the next open/public meeting of the Board of County Commissioners. The purpose of the Executive Session was to address the acquisition of real property for a public purpose and matters directly related to the acquisition.

There will be no public disclosure of the topics discussed at this time.

4. **PUBLIC COMMENTARY:** None

5. **ANNOUNCEMENT:**

- ❖ Chairman Edwards announced that the Board of County Commissioners would meet with the Garrett County Municipalities for its annual Meet & Confer session on Wednesday, February 7, 2024.
- ❖ The Board of Garrett County Commissioners announced that the next Public Meeting will be held on Tuesday, February 10, 2024, at 4:00 p.m. at the Garrett County Courthouse.

**MOTION TO CLOSE PUBLIC MEETING AND OPEN PUBLIC HEARING**

The Board of County Commissioners, on a motion by Commissioner Tichnell, which was seconded by Commissioner Savage, and made unanimous by Chairman Edwards, the Public Meeting was closed and the Public Hearing opened at 4:06 p.m.

6. Scott Weeks, Director, Garrett County Department of Financial Services, presented an overview of the Homestead Tax Credit and the proposed reduction in the rate from 5% to 3% (slides attached).

This credit is not a tax rate change, but rather a credit or deferral of tax payments. The Homestead Tax Credit is only available to residents of the county, that must be applied through the Maryland Department of Taxation & Assessments.

Several comments on the proposed rate with all in favor. Mr. Bell presented a condensed version of the presentation he provided during the Administrative Session.

The Record will be open for comments until Thursday, February 19, 2024.

**MOTION TO CLOSE PUBLIC HEARING & ADJOURNMENT**

On a motion by Commissioner Savage, which was seconded by Commissioner Tichnell, and made unanimous by Chairman Edwards, the Public Hearing was closed and Adjourned at 4:49 p.m.

**Attest:**

**By Order of the Board,**

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**KEVIN G. NULL**  
County Administrator

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**PAUL C. EDWARDS**, Chairman  
Board of County Commissioners

## DISTRIBUTIONAL IMPACT OF HOMESTEAD TAX CREDIT

Public Hearing (February 5, 2024)

The purpose of this exercise is to identify potential impacts of the Homestead Tax Credit on the equitable distribution of property taxes paid in Garrett County. Six different property types are examined and the assumed increase in value for each type is based on general information from the real property revaluation effective January 1, 2023. A fair distribution of taxes paid by each property type would see each individual property paying the same percentage of property taxes in FY2027 as their share of the property tax base using FY2025 estimated market value.

### TAKEAWAYS

1. For the 3 alternative structures of Homestead Tax Credit examined, the lowest valued property pays a higher share of taxes than its fair share. Similarly, the rental house and the two business properties pay a higher share of property taxes than their fair share.
2. For the 3 alternatives examined the vast majority of deferred taxes are realized by the highest valued and fastest growing owner-occupied home which captures between 76.4% and 84.7 percent of the benefit.
3. The highest valued, and fastest growing, owner-occupied house also sees the greatest reduction in taxes in FY2027, ranging from 39.3% to 26.1%.
4. In all 3 options examined, the highest valued, and fastest growing, owner-occupied home has the lowest effective property tax rate, ranging from 0.64% to 0.78%. The lowest price, and slowest growing, owner-occupied home has the highest effective property tax rate of those properties benefiting from the Homestead Tax Credit, ranging from 0.96% to 1.05%.
5. Taxes paid in FY2027, compared to the fair share distribution of taxes, are higher for the lowest priced, and slowest growing own-occupied house and all three of the properties not qualifying for the Homestead Tax Credit. Property taxes paid by the highest valued, and fastest growing, owner-occupied home are reduced from 29.0% to 19.2%.
6. The full market value of the 3 properties not qualifying for the Homestead Tax Credit are fully brought into the tax base by FY2027. The full market value of the highest valued, and fastest growing, owner-occupied home is not fully brought into the taxes base until between 2031 and 2044.

### ASKS

1. Delay a decision on how to modify the Homestead Tax Credit for one month to conduct a systematic and thorough review of the actual impact of changes in the Homestead Tax Credit on all individual properties in the county.
2. If the distributional consequences identified in this hypothetical example are confirmed, consider increasing the assessment limit from the current 5% to 10%. This will minimize, but not eliminate, the distortions resulting from a change in the Homestead Tax Credit.

# HOMESTEAD TAX CREDIT

## What is the Homestead Credit?

To help homeowners deal with large assessment increases on their principal residence, state law has established the Homestead Property Tax Credit. The Homestead Credit limits the increase in taxable assessments each year to a fixed percentage. Every county and municipality in Maryland is required to limit taxable assessment increases to 10% or less each year.





# HOMESTEAD TAX CREDIT

## SCENARIO: \$100,000 PROPERTY IS RE-ASSESSED AT \$130,000

	Normal Phase In		Current 5% County Homestead Tax Credit		Proposed 3% County Homestead Tax Credit	
	Assessment	Tax	Assessment	Tax	Assessment	Tax
Year 1	\$110,000	\$1,162	\$105,000	\$1,109	\$103,000	\$1,088
Year 2	\$120,000	\$1,267	\$110,250	\$1,164	\$106,090	\$1,120
Year 3	\$130,000	\$1,373	\$115,763	\$1,222	\$109,273	\$1,154
Year 4			\$121,551	\$1,284	\$112,551	\$1,189
Year 5			\$127,628	\$1,348	\$115,927	\$1,224
Year 6			\$130,000	\$1,373	\$119,405	\$1,261
Year 7					\$122,987	\$1,299
Year 8					\$126,677	\$1,338
Year 9					\$130,000	\$1,373



# HOMESTEAD TAX CREDIT

## Other Limits in the State of Maryland

State of Maryland	10%		
Calvert	10%	Queen Anne's	5%
Montgomery	10%	Washington	5%
Somerset	10%	Wicomico	5%
Charles	7%	Allegany	4%
Caroline	5%	Baltimore City	4%
Carroll	5%	Baltimore County	4%
Dorchester	5%	Cecil	4%
Frederick	5%	<b>Garrett</b> (from 5%)	<b>3%</b>
Harford	5%	St. Mary's	3%
Howard	5%	Worcester	3%
Kent	5%	Anne Arundel	2%
Prince George's	5%	Talbot	0%

