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January 3, 2011

## **Real Property Tax Credits or Exemptions**

### **Types:**

- \* **Homestead Credit**
- \* **Homeowners' Property Tax Credit**
- \* **Blind Persons Exemption**
- \* **Surviving Spouses of Blind Persons Exemption**
- \* **Surviving Spouse of Law Enforcement Officer**
- \* **Disabled Veterans Exemption**
- \* **Disabled Veterans Surviving Spouses Exemption**
- \* **Surviving Spouses of Active Military Personnel who Died in the Line of Duty Exemption**
- \* **Elderly / Disabled Tax Deferral**
- \* **Right to Appeal the Assessment Valuation**
- \* **Petition for Review of Real Property**
- \* **Assessment Exemption for an Improvement required for the Health or Medical Condition of a Resident**

## Homestead Credit

To help homeowners deal with large assessment increases state law has established the Homestead Property Tax Credit. The Homestead Credit limits the increase in taxable assessments each year to a fixed percentage. The State limits the taxable assessment increase to 10% for their portion of the tax bill. Every county and municipality in Maryland is required to limit taxable assessment increases to 10% or less each year. Cecil County limits the increase to 8% for the County taxable assessment increase.

The Homestead Credit applies only to the principal residence of the property owner and is based on the total market value for the dwelling and land associated with the dwelling.

**Your local government will actually grant the credit when calculating your property tax bill. The net amount, with the credit deducted, will be shown as the tax due.**

**Please be advised that starting in 2008, the State will require homeowners to complete a one-time application for the Homestead Credit instead of automatically issuing the credit.**

The tax credit will be granted if the following conditions are met during the previous tax year:

- The property was not transferred to new ownership.
- There was no change in the zoning classification requested by the homeowner resulting in an increase value of the property.
- A substantial change did not occur in the use of the property.
- The previous assessment was not clearly erroneous.

A further condition is that the dwelling must be the owner's principal residence and the owner must have lived in it for at least six months of the year, including July 1 of the year for which the credit is applicable, unless the owner was temporarily unable to do so by reason of illness or need of special care. An owner can receive a credit only on one property - the principal residence.

For more information on the Homestead Credit you can visit [www.dat.state.md.us](http://www.dat.state.md.us) or contact the State at 410-767-2165.

## Homeowners' Property Tax Credit

The State of Maryland has developed a program which allows credits against the homeowner's property tax bill if the property taxes exceed a fixed percentage of the person's gross income. In other words, it sets a limit on the amount of property taxes any homeowner must pay based upon his or her income.

Before your eligibility according to income can be considered, you must meet four basic requirements.

- You must own or have a legal interest in the property.
- The dwelling on which you are seeking the tax credit must be your principal residence where you live at least six months of the year, including July 1, unless you are a recent home purchaser or unless you are unable to do so because of your health or need of special care.
- Your net worth, not including the value of the property on which you are seeking the credit or any qualified retirement savings or Individual Retirement Accounts, must be less than \$200,000.
- Your combined gross household income cannot exceed \$60,000.

Using the new higher benefit formula enacted by the 2006 session of the General Assembly, the chart below is printed in \$1,000 increments to show you the specific tax limit for each income level.

Household Income	Tax Limit
\$1 - 8,000	\$0
9,000	40
10,000	80
11,000	120
12,000	160
13,000	225
14,000	290
15,000	355
16,000	420
17,000	510
18,000	600
19,000	690
20,000	780
21,000	870
22,000	960
23,000	1050
24,000	1140
25,000	1230
26,000	1320
27,000	1410
28,000	1500
29,000	1590
30,000	1,680
and up to a maximum of \$60,000	*

\* For each additional \$1,000 of income above \$30,000, you add \$90 to \$1,680 to find the tax limit. Your combined gross household income cannot exceed \$60,000.

**Example:** If your combined household income is \$16,000, you see from the chart that your tax limit is \$420. You would be entitled to receive a credit for any taxes above the \$420. If your actual property tax bill was \$990, you would receive a tax credit in the amount of \$570 --- this being the difference between the actual tax bill and the tax limit.

- The credit is based on only the taxes resulting from the first \$300,000 of assessed valuation.
- The credit applies to the ad valorem taxes imposed by the state, county and municipalities, but it does not cover any metropolitan or fixed charges for water and sewer services that may appear on the tax bill.
- If an applicant owns a large tract of land, the credit will be limited to the lot or curtilage on which the dwelling stands and will not include the excess acreage.
- If a portion of your dwelling is used for commercial or business purposes, the credit will be based only upon the taxes for that portion of the dwelling occupied by your own household.
- You may apply for the credit on only the one dwelling which is your principal residence.

Homeowners who file and qualify by May 1 will receive the credit directly on their tax bill or as a credit certificate issued at the same time the property tax bill is mailed. Persons who file later up until the September 1 deadline will receive any credit due either in the form of a revised tax bill or a tax credit certificate to be used in payment of the bill. Applicants filing after May 1 are advised not to delay payment of the property tax bill until receipt of the credit if they wish to receive the discount for early payment offered in some subdivisions. A refund check will be issued by the local government if the tax bill was paid before the tax credit was granted.

## **Blind Persons Exemption**

Those persons with a central visual acuity of 20/200 or less in the better eye may receive, with a doctor's certification, an exemption of \$15,000 of assessment reduction on the dwelling house and surrounding yard. Legally blind persons may apply at any time and need not meet the general September 1 filing deadline.

## **Surviving Spouse of Blind Persons Exemption**

Surviving spouses of those persons who qualified for the Blind Persons Exemption referenced above may receive an exemption of \$15,000 of assessment reduction on the dwelling house and surrounding yard.

## **Surviving Spouse of Law Enforcement Officer**

This is a Cecil County credit on the County tax portion of the property taxes for a dwelling house owned by a surviving spouse of an individual who died as a result of an injury or disease incurred during the course of employment as a law enforcement officer under certain circumstances.

## **Disabled Veterans Exemption**

Armed Services veterans with a permanent service connected disability rated **100%** by the Veterans Administration may receive a complete exemption from real property taxes on the dwelling house and surrounding yard. These veterans also may apply at any time and do not have to meet the September 1 filing deadline.

## **Disabled Veterans Surviving Spouses Exemption**

Unremarried surviving spouses of those who qualified for the Disabled Veterans Exemption may receive a complete exemption from real property taxes on the dwelling house and surrounding yard.

## **Surviving Spouses of Active Military Personnel who Died in the Line of Duty Exemption**

Surviving spouses of military personnel killed in the line of duty may apply for an exemption.

## **Elderly / Disabled Tax Deferral**

This program allows property owners, age 65 or older, to elect to **defer** the increase in their property tax bill. The deferral is only calculated on the County property taxes, not the state or town portions of the property taxes. The deferral amount is the amount that this year's County taxes exceed the amount paid in the previous year's County taxes. The deferral is not a permanent reduction in taxes. You must apply for the Deferral every year. The application must be received by May 1 of each year.

Also, the deferral is only postponing payment of a portion of your taxes. The taxes deferred must be repaid if you cease to occupy the property as your principal residence, you cease to own the property, you do not pay the base amount of taxes and the property becomes subject to Tax Sale, if you fail to

reapply each year in a timely manner, or if your income increases beyond \$60,000. In the event of the property owner's death, the taxes would have to be repaid by your estate or other co-owners of the property.

To be eligible for a Deferral the residential property owner must have resided in the property at least 5 years, most current year's gross household income not exceeding \$60,000.00 and be qualified under one of the following criteria:

- a. Is at least 65 years of age
- b. Is permanently disabled and qualifies for benefits under either:
  1. Social Security Act
  2. Railroad Retirement Act
  3. Any federal act for members of the United States Armed forces
  4. Any federal retirement system
- c. Is certified to be permanently and totally disabled by a County Health Officer

The Deferral agreement will be recorded in land records of Cecil County as a lien against the property and property owner must pay any fees associated with recording the lien.

## **Right to Appeal the Assessment Valuation**

Properties are reassessed by the State of Maryland once every three years and property owners are notified of any change in their assessment. Assessments are certified by the Department to local governments where they are converted into property tax bills by applying the appropriate property tax rates.

Every property owner has the right to appeal the notice of assessment of his or her property within 45 days of the date of the notice. Regular reassessment notices are issued once every three years and usually mailed in late December. In addition to the regular reassessment notice, the law requires a notice be issued when the assessment on a property changes for the following reasons: a change in use or character of the property; substantial improvement to the property; or rezoning of the property.

The reassessment notice contains an appeal form which must be completed and filed with the local assessment office within the 45 day time limit for appeal. When considering an appeal, the property owner should focus on one figure - the Total New Market Value.

## **Petition for Review of Real Property**

A property owner may file a petition with the State of Maryland Supervisor of Assessments no later than the first work day following January 1 to review a value or classification effective for the next taxable year beginning July 1. Your petition should state the reason you feel the value or classification is incorrect. You have the right for a hearing or for the petition to be considered based on the documentation you supply. After the Petition for Review has been considered, you will be sent a notice informing you of the decision.

## **Assessment Exemption for an Improvement Required for the Health or Medical Condition of a Resident**

An improvement to a building required for the health or medical condition of the resident of the building may be assessed for tax purposes. The exemption may not exceed 10% of the total assessment of the real property on which the building is located.