MEASURE: HB 2543
EXHIBIT: A
HOUSE REVENUE COMMITTEE
DATE: 4/7/2011 PAGES: 2
SUBMITTED BY: CHRISTINE BRONIAK

	Update from HB 2543 Workgroup, 4-6-2011	
	Change	Revenue Impact
1	Check assets for initial entry into program. Limits in other states are $150,000 in Nevada $75,000 in North Dakota $240,000 in Virginia $500,000 in Maryland	Uncertain but Positive – Could be estimated if statistics were available for asset distribution of this age group or disabled program participants. See footnote 1 for explanation of criteria in Maryland
2	Require that participants recertify income every two years; change from a Federally Adjusted Gross Income test to a Household Income Test	Uncertain but Positive – This impact depends on the change of income in households over time. It would be difficult to estimate this from census or similar statistics, as a longitudinal study would be necessary to track the income of individuals as it changes over time.
3	Require that new applicants be in their homes for 3 or 5 years before participating	Uncertain but Positive – Might be estimated with census information on how long people are in their homes
4	Apply a Real Market Value Test – Require that participants have a home with RMV less than the county median. Notice is a concern, if residents are removed now, they will only have a few months notice that they will be responsible for their property tax this year, aside from the notification letter already sent that their deferral status is not guaranteed	Positive – A cap at median county RMV would drop participation rate by 4,000 of 11,800 participants and would save $12.4 million in repayments in the first year. A cap at 130% of RMV would bring the program's account balance to positive by 2016.
5	Change to compound interest rate for new applicants and any property tax payments going forward	Being developed, Positive impact, but it is not expected to be dramatic. Changing from 6% simple to 6% compound will eventually result in 25% more interest revenue being collected. This would increase total repayments by 6.8% per year at most. Increases in the immediate future are substantially smaller than this.
6	Restrict new applicants altogether for 5 years	Positive – This brings the program's account balance up slowly, raising it above zero in 2014 and to $50 million in 2019. The effects eventually wear off, and the cash fund balance resumes a decline, dropping below $0 again in 2024. Cash fund balances remain below $0 until 2014.
7	Freeze new applications for 1 year	Positive – This would not bring the account balance above zero in the near or distant future.
8	Put a 10-year sunset date on the entire program	Policy change with no revenue impact in the immediate future, but positive revenue impact in 10 years
9	Disqualify participants for a reverse mortgage. Currently, a senior who gets a reverse mortgage has their	Uncertain – Might be estimated with statistics on how many seniors have a reverse mortgage

	outstanding deferral debt paid off by the mortgage company and subsequently reapplies for the program.	
10	Remove provision that individuals with income over the limit have partial property tax payment through the program	Revenue Impact – Positive, Impact being developed
11	Remove Oregon Project Independence allocation from revolving account – Currently, if, on Nov 30th of each year, the amount in the revolving account exceeds $5 million or 35 percent of the total amount needed to make payments to counties for that year, the money in the account exceeding the greater of the two amounts amount is allocated to Oregon Project Independence	Revenue Impact – Positive if account balances are above 1.35 x payments necessary for that year or $5 million. This becomes an issue when cash fund balances move above 0.
12	Prorate payments if funds are not available	Revenue Impact – Positive, but account would continually be 0 as long as this is taking place
13	Remove Special Assessment Program	Minimal – The special assessment program has 36 active participants and distributes about $28,000/year.

1- From state of Maryland website - The combined net worth of the household must not exceed $500,000. Net worth means, after deducting outstanding liabilities, the sum of the current market value of all assets including real property, cash, savings accounts, bonds, and other investments; but not including the dwelling for which a property tax credit is sought, the cash value of any life insurance policies on the life of the homeowner, and tangible personal property.