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**HEARING DATE:** January 25, 2024

**BILL:** HB0220

**TITLE:** Homestead Property Tax Credit - Calculation of Credit for Dwelling Purchased by First-Time Homebuyer

**SDAT POSITION:** OPPOSE

The Department of Assessments and Taxation opposes House Bill 220 - Homestead Property Tax Credit - Calculation of Credit for Dwelling Purchased by First-Time Homebuyer. This bill enables a first-time homebuyer in the State of Maryland to receive the Homestead Property Tax Credit for a newly purchased home through the use of a "Homestead Credit carryover amount." The bill provides for the calculation of the property tax credit as well as the phase-out of the Homestead Credit carryover amount. If the proposed legislation were to be enacted, it would take effect June 1, 2024, and be applied to all taxable years beginning June 30, 2024.

While the Department appreciates the intent of the proposed legislation, SDAT advises that it would be impossible to implement this new program by the timeline suggested in the bill, as it would require an update to the Department's Real Property database. SDAT's vendor typically performs updates due to new legislation at a reduced cost. However, it may require months of studying the necessary changes to be made before an accurate timeline can be developed. The Department would incur additional costs if it attempted to speed up this timeline, although implementation does depend on jurisdictions first authorizing this program.

To administer, the Department would require first-time homebuyers to submit certain documents filed at closing along with their homestead tax credit application. In addition, SDAT could incur significant unknown computer programming costs to reprogram its tax system to allow for the carryover of the homestead property tax credit from one homeowner to another.

For these reasons, SDAT offers this letter of opposition and urges an **UNFAVORABLE** report on HB0220 in its current form.