

Department of Legislative Services  
Maryland General Assembly  
2023 Session

FISCAL AND POLICY NOTE  
Third Reader

House Bill 1078

(Prince George's County Delegation)

Ways and Means

Budget and Taxation

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Prince George's County - Property Tax Credit - Offset of Annual Tax Increases  
PG 412-23

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This bill authorizes Prince George’s County and municipalities in the county to grant a property tax credit against the county or municipal property tax imposed on a dwelling that is owned by a homeowner who has an annual gross income of \$70,000 or less. The amount of the property tax credit must be sufficient to ensure that the total amount of real property taxes owed on a dwelling does not annually increase. Prince George’s County or a municipality in the county may provide for: (1) the duration of the property tax credit; (2) additional eligibility criteria for the tax credit; (3) application procedures for the tax credit; and (4) any other provision necessary to carry out the tax credit. **The bill takes effect June 1, 2023, and applies to taxable years beginning after June 30, 2023.**

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Fiscal Summary

**State Effect:** None.

**Local Effect:** Prince George’s County property tax revenues decrease beginning in FY 2024 to the extent the property tax credit is granted. Under one set of assumptions, county property tax revenues may decrease by approximately \$500,000 annually. Prince George’s County expenditures increase by \$135,000 in FY 2024 and by \$164,100 in FY 2028 for administrative expenses.

**Small Business Effect:** None.

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Analysis

**Current Law:** The Homeowners’ Property Tax Credit Program is a State-funded program

that provides credits against State and local real property taxation for homeowners who qualify based on a sliding scale of property tax liability and income. To be eligible for the property tax credit, a recipient's net worth may not exceed \$200,000 and the combined gross household income may not exceed \$60,000. Counties and municipalities have the authority to enact local supplements to the program; the cost of such supplemental credits must be borne by the local governments. The fiscal 2024 State budget includes \$56.5 million in funding for the program.

**Local Revenues:** Prince George's County property tax revenues decrease beginning in fiscal 2024 to the extent the property tax credit is granted. Under the following set of assumptions, county property revenues may decrease by approximately \$500,000 annually:

- 20,700 homeowners in the county have incomes between \$60,000 and \$69,999;
- 35% of eligible homeowners apply for the property tax credit;
- the average residential assessment for eligible homeowners is \$159,800;
- residential property tax assessments increase by 3.5% annually; and,
- the county real property tax rate is \$1.374 per \$100 of assessment.

The estimate excludes approximately 6,000 county homeowners who receive the State homeowners' property tax credit.

**Local Expenditures:** Prince George's County expenditures increase by approximately \$135,000 in fiscal 2024 and by \$164,100 in fiscal 2028 to hire two additional employees to administer the property tax credit. The estimate assumes salaries, fringe benefits and annual salary increases.

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### **Additional Information**

**Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** None.

**Information Source(s):** Prince George's County; City of College Park; State Department of Assessments and Taxation; Department of Legislative Services

**Fiscal Note History:** First Reader - March 3, 2023  
km/hlb Third Reader - March 20, 2023

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