

# HOUSE BILL 1127

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By: **Delegates Wivell, Baker, Schindler, and Valentine**

Introduced and read first time: February 11, 2026

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Washington County – Homestead Property Tax Credit – Eligible Properties**

3 FOR the purpose of expanding eligibility for the homestead property tax credit to include  
4 additional residences in Washington County; and generally relating to the  
5 homestead property tax credit.

6 BY repealing and reenacting, with amendments,  
7 Article – Tax – Property  
8 Section 9–105(a), (c)(1) and (4), (d), (f), (g), and (i)  
9 Annotated Code of Maryland  
10 (2019 Replacement Volume and 2025 Supplement)

11 BY repealing and reenacting, without amendments,  
12 Article – Tax – Property  
13 Section 9–105(c)(2) and (3) and (k)  
14 Annotated Code of Maryland  
15 (2019 Replacement Volume and 2025 Supplement)

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
17 That the Laws of Maryland read as follows:

18 **Article – Tax – Property**

19 9–105.

20 (a) (1) In this section the following words have the meanings indicated.

21 (2) “Active member” means:

22 (i) a shareholder in a family corporation;

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (ii) a partner in a general partnership; or

2 (iii) a member of a limited liability company or partner in a limited  
3 liability partnership who has or shares the authority to manage, control, and operate the  
4 limited liability company or limited liability partnership and who shares the assets and  
5 earnings of the limited liability company or limited liability partnership under an operating  
6 agreement under § 4A–402 of the Corporations and Associations Article or under a  
7 partnership agreement.

8 (3) “Agricultural ownership entity” means a family corporation, general  
9 partnership, limited liability company, or limited liability partnership that:

10 (i) owns real property that:

11 1. includes land receiving an agricultural use assessment  
12 under § 8–209 of this article; and

13 2. includes land used as a homesite that is part of or  
14 contiguous to a parcel described in item 1 of this item;

15 (ii) owns personal property used to operate the agricultural land;  
16 and

17 (iii) owns no other property.

18 (4) “Bicounty commission” means:

19 (i) the Maryland–National Capital Park and Planning Commission;

20 (ii) the Washington Suburban Sanitary Commission; or

21 (iii) the Washington Suburban Transit Commission.

22 (5) (i) “Dwelling” means:

23 1. a house that is:

24 A. used as the principal residence of the homeowner; and

25 B. actually occupied or expected to be actually occupied by  
26 the homeowner for more than 6 months of a 12–month period beginning with the date of  
27 finality for the taxable year for which the property tax credit under this section is sought;  
28 and

29 2. the lot or curtilage on which the house is erected.

1 (ii) "Dwelling" includes:

2 1. a condominium unit that is occupied by an individual who  
3 has a legal interest in the condominium;

4 2. an apartment in a cooperative apartment corporation that  
5 is occupied by an individual who has a legal interest in the apartment; and

6 3. a part of real property used other than primarily for  
7 residential purposes, if the real property is used as a principal residence by an individual  
8 who has a legal interest in the real property.

9 (6) "Family corporation" means a corporation that does not have any  
10 stockholders other than the homeowner and the following members of the homeowner's  
11 family:

12 (i) a spouse or former spouse;

13 (ii) a child or stepchild;

14 (iii) a parent or stepparent;

15 (iv) a brother or sister;

16 (v) a son-in-law, daughter-in-law, stepson-in-law, or  
17 stepdaughter-in-law;

18 (vi) a grandchild or stepgrandchild; or

19 (vii) a grandparent or stepgrandparent.

20 (7) "Homeowner" means an individual who has a legal interest in a  
21 dwelling **OR WASHINGTON COUNTY ADDITIONAL RESIDENCE** or who is an active  
22 member of an agricultural ownership entity that has a legal interest in a dwelling **OR**  
23 **WASHINGTON COUNTY ADDITIONAL RESIDENCE**.

24 (8) "Legal interest" means an interest in a dwelling **OR WASHINGTON**  
25 **COUNTY ADDITIONAL RESIDENCE**:

26 (i) as a sole owner;

27 (ii) as a joint tenant;

28 (iii) as a tenant in common;

29 (iv) as a tenant by the entirety;

- 1 (v) through membership in a cooperative;
- 2 (vi) under a land installment contract, as defined in § 10–101 of the  
3 Real Property Article;
- 4 (vii) as a holder of a life estate; or
- 5 (viii) as a settlor, grantor, or beneficiary of a trust if:

- 6 1. the settlor, grantor, or beneficiary of the trust does not pay  
7 rent or other remuneration to reside in the dwelling **OR WASHINGTON COUNTY**  
8 **ADDITIONAL RESIDENCE**; and
- 9 2. legal title to the dwelling **OR WASHINGTON COUNTY**  
10 **ADDITIONAL RESIDENCE** is held in the name of the trust or in the names of the trustees  
11 for the trust.

12 (9) “Taxable assessment” means the assessment on which the property tax  
13 rate was imposed in the preceding taxable year, adjusted by the phased–in assessment  
14 increase resulting from a revaluation under § 8–104(c)(1)(iii) of this article, less the amount  
15 of any assessment on which a property tax credit under this section is authorized.

16 **(10) (I) “WASHINGTON COUNTY ADDITIONAL RESIDENCE” MEANS A**  
17 **HOUSE LOCATED IN WASHINGTON COUNTY AND THE LOT OR CURTILAGE ON WHICH**  
18 **THE HOUSE IS ERECTED.**

19 **(II) “WASHINGTON COUNTY ADDITIONAL RESIDENCE”**  
20 **INCLUDES:**

21 1. **A CONDOMINIUM UNIT OF AN INDIVIDUAL WHO HAS A**  
22 **LEGAL INTEREST IN THE CONDOMINIUM;**

23 2. **AN APARTMENT IN A COOPERATIVE APARTMENT**  
24 **CORPORATION OF AN INDIVIDUAL WHO HAS A LEGAL INTEREST IN THE APARTMENT;**  
25 **AND**

26 3. **A PART OF REAL PROPERTY USED OTHER THAN**  
27 **PRIMARILY FOR RESIDENTIAL PURPOSES, IF THE REAL PROPERTY IS USED AS A**  
28 **RESIDENCE BY AN INDIVIDUAL WHO HAS A LEGAL INTEREST IN THE REAL**  
29 **PROPERTY.**

30 (c) (1) If a dwelling **OR WASHINGTON COUNTY ADDITIONAL RESIDENCE** is  
31 not used primarily for residential purposes, the Department shall apportion the total  
32 property assessment between the part of the dwelling **OR WASHINGTON COUNTY**  
33 **ADDITIONAL RESIDENCE** that is used for residential purposes and the part of the dwelling

1 **OR WASHINGTON COUNTY ADDITIONAL RESIDENCE** that is not used for residential  
2 purposes.

3 (2) If a homeowner does not actually reside in a dwelling for the required  
4 time period because of illness or need of special care and is otherwise eligible for a property  
5 tax credit under this section, the homeowner may qualify for the property tax credit under  
6 this section.

7 (3) If a homeowner otherwise eligible for a credit under this section does  
8 not actually reside in a dwelling for the required time period because the dwelling is  
9 damaged due to an accident or natural disaster, the homeowner may continue to qualify for  
10 a credit under this section for the current taxable year and 2 succeeding taxable years even  
11 if the dwelling has been removed from the assessment roll in accordance with § 10–304 of  
12 this article.

13 (4) (i) For a homeowner who is an active member of an agricultural  
14 ownership entity to qualify for the property tax credit under this section:

15 1. the dwelling **OR WASHINGTON COUNTY ADDITIONAL**  
16 **RESIDENCE** must have been owned and occupied by the active member:

17 A. at the time of its transfer to the agricultural ownership  
18 entity; or

19 B. if the agricultural ownership entity is a limited liability  
20 company and the dwelling **OR WASHINGTON COUNTY ADDITIONAL RESIDENCE** was  
21 originally transferred to the agricultural ownership entity as part of a conversion from a  
22 partnership under § 4A–211 of the Corporations and Associations Article, then at the time  
23 of its transfer to the former partnership; and

24 2. the agricultural ownership entity and the active member  
25 who occupies the dwelling **OR WASHINGTON COUNTY ADDITIONAL RESIDENCE** must  
26 file an application with the Department establishing initial eligibility for the credit on or  
27 before June 30 for the following taxable year and, at the request of the Department, must  
28 file an application in any future year to verify continued eligibility.

29 (ii) Failure to file a timely application may result in disqualification  
30 from the Homestead Tax Credit Program for the following taxable year.

31 [(iii) The credit may only be granted to one dwelling owned by the  
32 agricultural ownership entity.

33 (iv) Participation in the credit program as the active member of an  
34 agricultural ownership entity disqualifies any other dwellings owned by the active member  
35 for the credit.]

1 (d) (1) Subject to the provisions of paragraph [(6)] (5) of this subsection, the  
2 Department shall authorize and the State, a county, or a municipal corporation shall grant  
3 a property tax credit under this section for a taxable year unless during the previous  
4 taxable year:

5 (i) the dwelling OR WASHINGTON COUNTY ADDITIONAL  
6 RESIDENCE was transferred for consideration to new ownership;

7 (ii) the value of the dwelling OR WASHINGTON COUNTY  
8 ADDITIONAL RESIDENCE was increased due to a change in the zoning classification of the  
9 dwelling OR WASHINGTON COUNTY ADDITIONAL RESIDENCE initiated or requested by  
10 the homeowner or anyone having an interest in the property;

11 (iii) the use of the dwelling OR WASHINGTON COUNTY  
12 ADDITIONAL RESIDENCE was changed substantially; or

13 (iv) the assessment of the dwelling OR WASHINGTON COUNTY  
14 ADDITIONAL RESIDENCE was clearly erroneous due to an error in calculation or  
15 measurement of improvements on the real property.

16 (2) [A homeowner must actually reside in the dwelling by July 1 of the  
17 taxable year for which the property tax credit under this section is to be allowed.

18 (3) A homeowner may claim a property tax credit under this section for  
19 [only 1] A dwelling OR WASHINGTON COUNTY ADDITIONAL RESIDENCE.

20 [(4)] (3) If a property tax credit under this section is less than \$1 in any  
21 taxable year, the tax credit may not be granted.

22 [(5)] (4) (i) If the dwelling OR WASHINGTON COUNTY ADDITIONAL  
23 RESIDENCE was transferred for consideration in a deed dated on or after January 1 but  
24 before the beginning of the next taxable year and the deed was recorded with the clerk of  
25 the circuit court or the Department on or after July 1 but before September 1 of the next  
26 taxable year, the new owner may submit a written application to the Department on or  
27 before September 1 of the second taxable year following the date of the deed requesting  
28 that the date of the deed be accepted by the Department as the date of transfer under  
29 paragraph (1) of this subsection.

30 (ii) 1. The applicant shall submit with the written application a  
31 copy of the executed deed evidencing the date of the transfer.

32 2. If the applicant fails to submit a copy of the executed deed  
33 as required under subparagraph 1 of this subparagraph, the Department shall deny the  
34 application.

1 (iii) The date of the transfer under this paragraph is the effective date  
2 of the deed as described under § 3–201 of the Real Property Article.

3 (iv) If a homeowner submits an eligible application under this  
4 paragraph after May 1 of the first taxable year following the date of the deed and the  
5 homeowner is due to receive a reduction in the homeowner's property tax bill in the second  
6 taxable year following the date of the deed as a result of the credit under this section,  
7 property tax is not due on the dwelling **OR WASHINGTON COUNTY ADDITIONAL**  
8 **RESIDENCE** for the second taxable year following the date of the deed until 30 days after  
9 a revised tax bill is sent to the homeowner.

10 [(6)] (5) (i) Except as provided under paragraph [(7)] (6) of this  
11 subsection, to qualify for the credit under this section, a homeowner shall submit an  
12 application for the credit to the Department as provided in this paragraph.

13 (ii) The application shall:

- 14 1. be made on the form that the Department provides;
- 15 2. provide the information required by the form;
- 16 3. include a statement by the homeowner under oath that the  
17 facts stated in the application are true, correct, and complete; and
- 18 4. except as provided in subparagraph (iii) of this paragraph,  
19 be filed on or before the May 1 preceding the first taxable year for which the property tax  
20 credit under this section is to be allowed.

21 (iii) For a dwelling **OR WASHINGTON COUNTY ADDITIONAL**  
22 **RESIDENCE** that was last transferred for consideration to new ownership on or before  
23 December 31, 2007, an application shall be filed with the Department on or before  
24 December 30, 2013, or the Department may not authorize and the State, county, and  
25 municipal corporation may not grant the property tax credit under this section:

- 26 1. for the taxable year beginning July 1, 2014; and
- 27 2. for a taxable year beginning after June 30, 2015, unless an  
28 application is filed as required under subparagraphs (i) and (ii) of this paragraph.

29 (iv) If a dwelling **OR WASHINGTON COUNTY ADDITIONAL**  
30 **RESIDENCE** previously received a credit under this section and failed to qualify for 1  
31 taxable year because of a failure to file the application required under this paragraph, the  
32 Department:

1                   1.       shall grant the credit for the dwelling **OR WASHINGTON**  
2 **COUNTY ADDITIONAL RESIDENCE** for the next following taxable year on the timely filing  
3 of the application by the same homeowner who previously received the credit; and

4                   2.       shall calculate the prior year's taxable assessment for the  
5 dwelling **OR WASHINGTON COUNTY ADDITIONAL RESIDENCE** as if the credit had not  
6 been lost for the 1 intervening taxable year.

7                   (v)       The Department shall provide a homeowner the option to submit  
8 the application required under this paragraph electronically on the Department's website.

9                   **[(7)] (6)**       If a homeowner submits an application to the Department under  
10 this section and the Department determines that the homeowner was eligible for the credit  
11 in the prior taxable year but failed to file an application for the credit as required under  
12 this subsection:

13                   (i)       the homeowner shall be retroactively qualified for the  
14 Homestead Property Tax Credit Program for the prior taxable year; and

15                   (ii)       the Department shall calculate the prior year's taxable  
16 assessment as if the credit had been granted for the prior taxable year.

17                   **[(8)] (7)**       (i)       This paragraph shall be interpreted broadly to apply to  
18 any homeowner who:

19                   1.       is at least 70 years of age;

20                   2.       was eligible for the credit in the prior taxable year but  
21 failed to file an application for the credit; and

22                   3.       applies for a credit for the current taxable year.

23                   (ii)       For homeowners that meet the criteria under subparagraph (i) of  
24 this paragraph, the Department shall calculate the current year's taxable assessment as if  
25 the credit had been granted for the prior taxable year.

26                   (iii)       A homeowner who meets the criteria under subparagraph (i) of  
27 this paragraph is not due a reimbursement of property taxes paid in prior taxable years.

28                   (f)       (1)       The Department shall give notice of the possible property tax credit  
29 under this section.

30                   (2)       In addition to any other notice the Department provides under this  
31 subsection, the Department shall:

32                   (i)       identify homeowners who may be eligible but have failed to apply  
33 for the property tax credit under this section; and

1 (ii) include a separate insert with each assessment notice sent under  
2 § 8–401 of this article to each homeowner identified under item (i) of this paragraph that  
3 informs the homeowner that the homeowner may be eligible for the property tax credit  
4 under this section and how to apply for the credit.

5 (3) In addition to any other notice the Department provides under this  
6 subsection, the Department shall mail a notice to each individual who acquires residential  
7 real property and has not applied for the credit under this section within a reasonable  
8 period of time after the individual[:

9 (i)] acquires the property by recorded deed[; and

10 (ii) indicates that the property will be the individual’s principal  
11 residence on the corresponding land instrument intake sheet described under § 3–104 of  
12 the Real Property Article].

13 (4) The notice required under paragraph (3) of this subsection shall:

14 (i) inform the individual that the individual may be eligible for the  
15 property tax credit under this section;

16 (ii) contain information on how to apply for the credit; and

17 (iii) inform the individual that the individual may apply to the  
18 Department to have the date of the deed accepted as the date of transfer of the property for  
19 purposes of the credit as provided in subsection [(d)(5)] **(D)(4)** of this section.

20 (5) (i) The Department shall design a document concerning the credit  
21 under this section that shall be presented to the buyer of residential property at the  
22 settlement for the property by the person conducting the settlement.

23 (ii) The document under this paragraph shall include:

24 1. the following statement in conspicuous type: [“If you plan  
25 to live in this home as your principal residence, you] **“YOU** may qualify for the homestead  
26 property tax credit. The homestead property tax credit may significantly reduce the amount  
27 of property taxes you owe.”;

28 2. instructions on how to apply for the credit online; and

29 3. a complete application for the credit and instructions on  
30 how to submit the paper application to the Department.

1 (iii) The Department shall make the document under this paragraph  
2 available on its website where it may be easily accessed by persons conducting settlements  
3 for residential property.

4 (6) The Department shall ensure that the information it provides under  
5 this subsection is accurate and up-to-date.

6 (g) A homeowner who meets the requirements of this section shall be granted the  
7 property tax credit under this section against the State, county, and municipal corporation  
8 property tax and any property tax imposed for a bicounty commission imposed on the real  
9 property of the dwelling **OR WASHINGTON COUNTY ADDITIONAL RESIDENCE.**

10 (i) (1) When property that has received a credit under this section for the  
11 current taxable year includes improvements that are removed from the assessment roll  
12 under § 10-304 of this article because of damage due to an accident or a natural disaster:

13 (i) the full benefit of the property tax abatement under § 10-304 of  
14 this article may not be diminished by the amount of the credit;

15 (ii) the full benefit of that credit may not be diminished by the  
16 property tax abatement under § 10-304 of this article and shall be reflected in the  
17 assessment of the total property, including any new improvements, for the current taxable  
18 year; and

19 (iii) the property shall be eligible to receive a credit under this section  
20 for the current taxable year and the two succeeding taxable years regardless of the  
21 existence or condition of the dwelling **OR WASHINGTON COUNTY ADDITIONAL  
22 RESIDENCE.**

23 (2) Neither the calculation of the abatement nor the assessment under this  
24 subsection shall include an assessment less than zero.

25 (k) The tax credit under this section shall be known as the homestead property  
26 tax credit.

27 **SECTION 2. AND BE IT FURTHER ENACTED,** That this Act shall take effect June  
28 1, 2026, and shall be applicable to all taxable years beginning after June 30, 2026.