

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 1330
Ways and Means

(Delegates Hornberger and Wims)

Budget and Taxation

Homeowners' Property Tax Credit – Year–Round Application

This bill allows homeowners to apply for the homeowners' property tax credit on a year-round basis beginning in fiscal 2028. **The bill takes effect June 1, 2026, and applies to taxable years beginning after June 30, 2027.**

Fiscal Summary

State Effect: General fund expenditures for homeowners' property tax credits increase beginning in FY 2028. Under one set of assumptions, general fund expenditures increase by approximately \$168,200 beginning in FY 2028. State revenues are not affected.

Local Effect: To the extent that more homeowners become eligible for the homeowners' property tax credit, local governments that provide a supplement to the State homeowners' property tax credit will realize a decrease in revenues.

Small Business Effect: None.

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. 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 2027 State budget includes \$56.0 million in funding for the program.

Homeowners must apply to the State Department of Assessments and Taxation (SDAT) each year in order to be eligible for the property tax credit. The application is available on the department's website. Approximately 38,500 individuals receive the property tax credit each year.

The maximum assessment against which the credit may be granted is \$300,000, less the amount of any homestead property tax credit received (a State program that provides tax credits against State, county, and municipal real property taxes for owner-occupied residential properties for the amount of real property taxes resulting from annual assessment increases that exceeds a certain percentage or "cap" in any given year). 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.

The total real property tax is the product of the sum of all property tax rates on real property, including special district tax rates, for the taxable year on a dwelling multiplied by the lesser of \$300,000 or the assessed value of the dwelling reduced by the amount of the homestead property tax credit.

The amount of the homeowners' property tax credit is the difference between the total property tax and a calculated tax limit. The tax limit is calculated by applying specified percentages to the homeowners' gross income. The percentages applied to the combined income that are used to calculate the property tax limit are (1) 0% of the first \$8,000 of combined income; (2) 4% of the next \$4,000 of combined income; (3) 6.5% of the next \$4,000 of combined income; and (4) 9% of the combined income over \$16,000.

Application Process

Generally, homeowners must apply to SDAT each year in order to be eligible for the property tax credit. The application must be available on the department's website by February 15; applications may be filed through October 1.

Chapters 528 and 529 of 2023 altered the application requirements for the homeowners' property tax credit program for individuals who receive income only from social security, a pension, or an annuity. In these situations, the homeowner must submit a regular application in the first year that the individual applies for the property tax credit and a more abbreviated certification for the next two years. In the following third year, the homeowner will once again have to submit a regular application in order to remain eligible for the property tax credit.

Chapter 79 of 2024 authorized an applicant for the homeowners' property tax credit to attest to gross income on an application in lieu of providing an income tax return to SDAT under certain circumstances.

State Fiscal Effect: General fund expenditures for the Homeowners' Property Tax Credit Program increase beginning in fiscal 2028. Based on recent applications received and denied for the property tax credit in calendar 2025, general fund expenditures could increase by approximately \$168,200 annually, beginning in fiscal 2028. The estimate is based on the following data provided by SDAT:

- on average 60,400 annual applications for the property tax credit;
- on average 38,500 applications become eligible for the property tax credit;
- the number of applications for late filing was 107 in calendar 2025; and
- the average homeowners' property tax credit is \$1,572.

However, the actual effect on general fund expenditures could be greater depending on the number of homeowners who apply between October 31 and February 14 during each application cycle.

Local Fiscal Effect: Local governments are authorized to grant a local supplement to the Homeowners' Property Tax Credit Program. While SDAT administers the local program, local governments are responsible for covering the cost of the local supplement. Currently, Baltimore City and 13 counties (Anne Arundel, Baltimore, Calvert, Caroline, Carroll, Charles, Frederick, Garrett, Harford, Howard, Kent, Montgomery, and Washington) provide a local supplement to the State program.

The overall impact on local revenues cannot be reliably estimated. In general, the interaction between the various components of the homeowners' property tax credit calculation (maximum eligible assessment, income, net worth, State and local property tax liabilities, as well as other tax credits) effectively results in a maximum tax credit that is available to each homeowner. Due to this maximum credit amount, the amount of the local tax credit supplement will usually decrease as the amount of the State tax credit increases, as the amount of the State tax credit is applied first. However, to the extent that more homeowners become eligible for the Homeowners' Property Tax Credit Program, local governments that provide a supplement to the State homeowners' property tax credit will realize a decrease in revenues.

Additional Information

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

Designated Cross File: None.

Information Source(s): Maryland Association of Counties; Maryland Municipal League;
State Department of Assessments and Taxation; Department of Legislative Services

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