

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 556
Ways and Means

(Delegate J. Long, *et al.*)

Property Tax Credit - Utility Service Expenses for Dwellings (Maryland Family
Utility Tax Relief Act)

This bill authorizes counties and municipalities to grant, by law, a property tax credit for a dwelling owned by an eligible individual who pays at least 25% of household net income on expenses for utility services for the individual's dwelling. Utility expenses include electricity, gas, water, or Internet service. County and municipal governments may provide, by law, for: (1) the amount and duration of the tax credit; (2) additional eligibility criteria for the tax credit; and (3) any other provision necessary to carry out this tax credit. **The bill takes effect June 1, 2026, and applies to taxable years beginning after June 30, 2026.**

Fiscal Summary

State Effect: None.

Local Effect: Local property tax revenues may decrease beginning in FY 2027 to the extent that local jurisdictions grant the property tax credit. The amount of the revenue decrease depends on the number of eligible individuals who receive the tax credit and the amount of the property tax credits granted. Local expenditures are not affected.

Small Business Effect: None.

Analysis

Current Law: Tax credits that may be authorized by local governments, against local property taxes only, are specified by law for various types of property. Currently, there are 73 optional property tax credits authorized by the General Assembly that are made available on a statewide basis. These credits are found in Title 9, Subtitle 2 of the

Tax – Property Article and are listed in Appendix 1 of the [Guide to Local Government Taxing Authority](#).

Local Fiscal Effect: Local property tax revenues may decrease beginning in fiscal 2027 to the extent that local jurisdictions grant the property tax credit. The amount of any revenue decrease depends on the number of homeowners who qualify for the property tax credit in each county, and the amount of the property tax credit that may be granted in each jurisdiction, neither of which can be reliably estimated at this time.

As a point of reference, a 2022 report from the Office of People’s Counsel found that, on average, the gross energy burden for low income households (up to 200% of the federal poverty level) was 12%. Energy burden refers to the percentage of a household’s gross income that is spent on energy costs. A copy of the report can be found at the following link: [Affordability Baseline](#).

Additional information on local property tax credits and exemptions is provided in the [Guide to Local Government Taxing Authority](#). Information on local property tax rates and revenues can be found in the [County Revenue Outlook Report](#). A copy of both reports is available on the Department of Legislative Services [website](#).

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; Public Service Commission; Department of Legislative Services

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jg/hlb

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