

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 368
Ways and Means

(Prince George's County Delegation)

Prince George's County - Supplemental Homeowners' Property Tax Credit -
Required
PG 412-26

This bill requires Prince George's County to grant a property tax credit to supplement the State Homeowners' Property Tax Credit. **The bill takes effect June 1, 2026, and applies to taxable years beginning after June 30, 2026.**

Fiscal Summary

State Effect: The State Department of Assessments and Taxation (SDAT) currently administers other county supplemental Homeowners' Property Tax Credit Programs and can administer the tax credit required by the bill with existing budgeted resources. Any additional costs incurred by the department are subject to reimbursement from Prince George's County.

Local Effect: Potential decrease in Prince George's County revenues beginning in FY 2027. Expenditures may increase to reimburse SDAT for administrative costs. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Bill Summary: The bill requires Prince George's County to grant a property tax credit to supplement the State homeowners' property tax credit. The property tax credit is equal to the total real property tax of the dwelling, less specified percentages of the combined income of the homeowner. The maximum assessment against which the homeowners'

property tax credit may be granted is \$300,000. To be eligible for the tax credit, a homeowner's combined net worth may not exceed \$200,000 and combined income may not exceed \$75,000. The percentages applied to the combined income that are used to calculate the amount of the property tax credit are (1) 0% of the first \$8,000 of combined income; (2) 4.0% 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.

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. The fiscal 2027 State budget includes \$56.0 million in funding for the program. Approximately 45,000 individuals are eligible to receive the property tax credit each year.

County supplemental property tax credits are provided to eligible homeowners in Baltimore City and the following counties: Anne Arundel, Baltimore, Calvert, Caroline, Carrol, Charles, Frederick, Garret, Harford, Howard, Kent, Montgomery, and Washington.

Baltimore County provides a local supplement to the State Homeowners' Property Tax Credit Program. The maximum assessment against which the county's existing supplemental homeowners' property tax credit may be granted is \$300,000. To be eligible for the tax credit, a homeowner's combined net worth may not exceed \$200,000 and combined income may not exceed \$60,000. The percentages applied to the combined income that are used to calculate the amount of the property tax credit are (1) 0% of the first \$4,000 of combined income; (2) 0% of the next \$4,000 of combined income; (3) 0% of the next \$4,000 of combined income; (4) 6.5% of the next \$4,000 of combined income; and (5) 9% of the combined income over \$16,000.

Under the Montgomery County local supplement, the maximum assessment against which the county's existing supplemental homeowners' property tax credit may be granted is \$375,000. To be eligible for the tax credit, a homeowner's combined net worth may not exceed \$250,000 and combined income may not exceed \$75,000. The percentages applied to the combined income that are used to calculate the amount of the property tax credit are (1) 0% of the first \$25,000 of combined income; (2) 2% of the next \$7,500 of combined income; (3) 5% of the next \$10,000 of combined income; (4) 6.5% of the next \$10,000 of combined income; and (5) 8% of the combined income over \$52,500.

Exhibit 1 shows the tax credit and eligibility criteria for the State, the existing local supplemental programs in Baltimore and Montgomery counties, and the proposed program in Prince George's County.

Exhibit 1
State and County Homeowners' Property Tax Credit Programs

	<u>State</u>	<u>Baltimore</u>	<u>Montgomery</u>	<u>Prince George's</u>
Percent of Combined Income	0% of 1st \$8,000	0% of 1st \$4,000	0% of 1st \$25,000	0% of 1st \$8,000
	4% of next \$4,000	0% of next \$4,000	2% of next \$7,500	4% of next \$4,000
	6.5% of next \$4,000	0% of next \$4,000	5% of next \$10,000	6.5% of next \$4,000
	9% over \$16,000	6.5% of next \$4,000	6.5% of next \$10,000	9% over \$16,000
		9% over \$16,000	8% over \$52,500	
Maximum Assessment	\$300,000	\$300,000	\$375,000	\$300,000
Net Worth	\$200,000	\$200,000	\$250,000	\$200,000
Combined Income	\$60,000	\$60,000	\$75,000	\$75,000

Source: Department of Legislative Services

Local Fiscal Effect: The actual cost to implement a local supplement to the State Homeowners' Property Tax Credit Program depends on several factors: including (1) the tax liability of the homeowner, which is determined by using the percent of combined income; (2) the property assessment; and (3) local property tax rates.

Under the State tax credit program, the maximum tax liability for an individual with a combined income of \$60,000 totals \$4,380; whereas it totals \$4,220 for the local supplement in Baltimore County and \$1,900 for the local supplement in Montgomery County. Unlike both the State and the Baltimore County supplement, homeowners in Montgomery County can have a combined income of up to \$75,000. For these homeowners, their maximum tax liability is set at \$3,100.

Under the bill, the proposed local supplement in Prince George's County uses several of the same criteria as the State program thereby providing no additional benefit to homeowners. For example, the maximum tax liability for an individual with a combined income of \$60,000 would be the same under both the State and local program. The only additional homeowners that would benefit would be those with a combined income between \$60,000 and \$75,000. However, since the percent of combined income and the maximum assessment remains unchanged under the bill, additional homeowners in the expanded income bracket (\$60,000 to \$75,000) still may not benefit from the local supplement. Under the bill, the maximum tax liability for a homeowner in Prince George's

County with a combined income of \$75,000 would total \$5,730. Due to the \$300,000 limit on the maximum property assessment and the current county property tax rate (\$1.374 per \$100 of assessment), the homeowner would not benefit from the local supplement.

Local Programs in Baltimore and Montgomery Counties

The local supplements in both Baltimore and Montgomery counties utilize a lower percent of combined income calculation to determine the local supplement, which results in a tax benefit to the homeowners. In addition, the maximum property assessment in Montgomery County is higher than the State program, which provides additional benefits to homeowners.

As a point of reference, Montgomery County provided supplemental property tax credits to 4,002 homeowners in fiscal 2023, 4,486 homeowners in fiscal 2024, and 4,188 homeowners in fiscal 2025. The actual cost for these property tax credits totaled \$4.9 million in fiscal 2023, \$5.7 million in fiscal 2024, and \$5.8 million in fiscal 2025. Baltimore County provided \$1.4 million in supplemental property tax credits in fiscal 2026, with the amount of the credit capped at \$160 per homeowner.

Additional Information

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

Designated Cross File: None.

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

Fiscal Note History: First Reader - February 3, 2026
sj/hlb

Analysis by: Michael Sanelli

Direct Inquiries to:
(410) 946-5510
(301) 970-5510