

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 109
(Senator Simonaire)
Budget and Taxation

Anne Arundel County - Residential Property Tax Payment Deferrals - Eligibility

This bill expands eligibility for a property tax deferral program in Anne Arundel County by including members of the National Oceanic and Atmospheric Administration (NOAA) and Public Health Service (PHS). **The bill takes effect June 1, 2026, and applies to taxable years beginning after June 30, 2026.**

Fiscal Summary

State Effect: None.

Local Effect: Potential minimal decrease in Anne Arundel County property tax revenues during any deferral period. The amount of any revenue decrease depends on the number of participants in the deferral program in a given year. Revenues will increase upon repayment.

Small Business Effect: None.

Analysis

Current Law: Counties and municipalities are authorized to defer the payment of the increase in county and municipal property taxes for owner-occupied residential real property of an elderly or disabled homeowner, for property that is the principal residence of the individual.

Statute provides specified age and eligibility requirements (at least age 65, living in the home for at least five years, and/or permanently or totally disabled). The law also provides for the procedures that local governments must follow when implementing a property tax

deferral program, including payment dates, amounts of deferral and interest to be reported on annual tax bills, lien provisions, and penalties.

Specific County Authorization

Chapters 162 and 163 of 2012 authorized Anne Arundel County to provide, by law, a property tax payment deferral for residential real property occupied as the principal residence of the owner. To be eligible, the property owner must have lived in the dwelling for the previous five years; be at least age 62, or be permanently and totally disabled; and meet specified income requirements. The amount of the deferral is limited to the increase in county property taxes from the date of deferral.

The Anne Arundel County Council must specify the following criteria if a deferral program is authorized: (1) the amount of tax that may be deferred and the duration of the deferral; (2) restrictions on the amount of real property eligible for a payment deferral; (3) the interest rate; (4) a requirement that any mortgagee or beneficiary under a deed of trust receive specified notification; and (5) income eligibility. Deferred county property taxes are due when the deferral ends, the eligible owner dies, or immediately on transfer of ownership of the property.

Chapters 162 and 163 also provide for other requirements and criteria related to the administration of property tax deferral payments in Anne Arundel County, including (1) a requirement that the cumulative amount of the tax deferral and interest be included in the taxpayer's annual property tax bill; (2) a lien must be attached to the property in the amount of all deferred taxes and interest and must remain until all deferred taxes and interest are paid; and (3) the deferral must be authorized by a written agreement reflecting the terms and conditions of the deferral. Finally, Chapters 162 and 163 provide that penalties may not be charged during the deferral period on deferred taxes.

Chapters 327 and 328 of 2016 altered the conditions under which payment becomes due for deferred county property taxes.

Tax Deferral Program in Anne Arundel County

Anne Arundel County provides a property tax deferral program for owner-occupied homes where homeowners may defer the increase in county property taxes for up to 50 years. Deferred amounts, plus interest are a lien on the property due upon sale or death of the homeowner. Homeowners must be: (1) at least age 62, or (2) permanently and totally disabled and qualifying for specified federal benefits (Social Security, Railroad Retirement, member of United States Armed Forces, or federal retirement system), or (3) certified as permanently or totally disabled by a county health officer. Homeowners

must have lived in the property for at least five years as a primary residence. Homeowners must apply for the program annually.

Definitions

Uniformed services, as defined by 37 U.S.C. § 101, include the Army, Navy, Air Force, Marine Corps, Space Force, Coast Guard, NOAA, and PHS.

Local Fiscal Effect: Anne Arundel County property tax revenues may decrease as a result of the expansion of the deferral program under the bill. The amount of any decrease cannot be reliably estimated and depends on the number of additional participants in a given year. However, due to the limited participation in the county deferral program, any associated revenue decrease is likely to be minimal. Revenues increase in the years that any deferred payments are paid back.

Anne Arundel County reports that for fiscal 2026, there are currently 14 properties that participate in the tax deferral tax program. For these 14 properties, the taxes are deferred and applied to a specified account. The current balance of this account is approximately \$99,000.

Additional Information

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

Designated Cross File: None.

Information Source(s): Anne Arundel County; State Department of Assessments and Taxation; Department of Legislative Services

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