



House Bill 557 – Homestead Property Tax Credit – Calculation of Credit for Dwelling Purchased by First-Time Homeowner

Position: Support

The Maryland REALTORS® supports HB 557 which grants first-time homebuyers a bonus homestead tax credit.

The National Association of REALTORS® (NAR) conducts an annual survey of homebuyers and sellers and noted that first-time buyers over the last few years are at a historically smaller share of the market than at any time in the last 30 years. The percentage of first-time buyers fell from an average of 40% to 33 % nationally in 2015 and remains at 33% in 2019. Additionally, the homeownership rate in Maryland has dropped from 69.9% in 2000 to 66.6% in 2018.

The drop in first-time buyers is not because millennials have different priorities than previous generations. In fact, studies show that millennials still view homeownership as an important personal goal. Unfortunately, young purchasers have significant barriers, including: rising rents which make saving for downpayments more difficult; student loans which postpone savings for downpayments; and tougher loan underwriting.

Although the Homestead Tax Credit is not typically transferable from a seller to a buyer, HB 557 would set up a process for the buyer to receive an additional homestead credit based on the previous property owner's assessment. The Maryland REALTORS® believe HB 557 provides another approach to helping first-time buyers rebound and encourages a favorable report.

**For more information contact bill.castelli@mdrealtor.org or
susan.mitchell@mdrealtor.org**