



**House Bill 1255 – Homestead and Homeowner’s Property Tax Credits – Access and Eligibility**

**Position: Support with Amendments**

The Maryland REALTORS® supports HB 1255 with two proposed amendments.

The first amendment would clarify that the disclosure language about the Homestead Tax Credit is included in the actual residential real estate contract rather than an addendum. A long addendum could be page 48 of a normal real estate contract. In contrast, a shorter paragraph in the contract is more likely to be read and more likely to be seen in the first 11 pages of current contracts. The language will also require the web address of information about the Homestead Tax Credit and how to apply. It may also be 50 days between the contract signing and property settlement after which the purchaser becomes the title holder of the property and thus eligible for the credit. Providing the application at the signing of the contract is too soon.

The second amendment will clarify that that the State Department of Assessments and Taxation (SDAT) website include a document that may be presented at settlement which is closer in time to the purchaser becoming the owner of the property and thus eligible to apply for the credit. The amendment does not require the information to be presented at settlement but leaves it up to the title agent or attorney’s discretion.

The Homestead Tax Credit is one of the most important tax benefits for principal homeowners. Providing potential purchasers with additional information about the tax credit makes sense and the REALTORS® support this effort with these changes.

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**AMENDMENTS TO HB 1255  
(First Reader)**

**AMENDMENT 1**

On page 2, strike lines 16-21 and insert:

**(N) A CONTRACT FOR THE SALE OF RESIDENTIAL PROPERTY SHALL INCLUDE:**

- 1. THE FOLLOWING STATEMENT: “IF YOU PLAN TO LIVE IN THIS HOME AS YOUR PRINCIPAL RESIDENCE, YOU MAY QUALIFY FOR THE HOMESTEAD PROPERTY TAX CREDIT. THE HOMESTEAD PROPERTY TAX CREDIT MAY SIGNIFICANTLY REDUCE THE AMOUNT OF PROPERTY TAXES YOU OWE.”, AND**
- 2. THE WEB ADDRESS OF THE DOCUMENT REQUIRED UNDER 9-105 (f) (5) OF THE TAX PROPERTY ARTICLE.**

(This amendment places the Homestead Tax Disclosure in the body of the real estate contract rather than in one of the addendums and requires a link to the SDAT website document explaining the tax credit as well as the application. As a matter of practice, the homeowner cannot apply for the credit until after the property settles (which may be 50 days after they sign the contract). Including the application in the contract may lead to confusion if homebuyers attempt to apply for the credit too far in advance. Moreover, given that contracts are typically 50 pages or longer, this language will ensure the disclosure is in the base contract rather than an addendum which may be page 48 in the contract. The language also requires the statement to be included in all contracts so that a buyer can determine for themselves whether they are purchasing the property as their principal residence rather than having a real estate agent or attorney making that decision for them.)

**AMENDMENT 2**

On page 3, strike lines 16-20 and insert:

**(5) (1) THE DEPARTMENT SHALL DESIGN A ONE-PAGE DOCUMENT CONCERNING THE CREDIT UNDER THIS SECTION THAT MAY BE PRESENTED AT A REAL ESTATE SETTLEMENT OF RESIDENTIAL PROPERTY.**

(This amendment clarifies that the document is not an addendum to the real estate contract and that it may be presented at settlement. After settlement occurs, the purchaser will be the homeowner and eligible to apply for the homestead tax credit so the presentation of the application is more timely)

