



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

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Lieutenant Governor

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MARC L. NICOLE
Deputy Secretary

HOUSE BILL 44 Renters' Property Tax Relief and Homeowners' Property Tax Credit Programs - Gross Income and Assessed Value Limitations - Alterations

STATEMENT OF INFORMATION

DATE: January 30, 2024

COMMITTEE: Ways and Means Committee

SUMMARY OF BILL: House Bill 44 seeks to increase the gross income limitation for the renters tax credit to \$70,000. Under current law, gross income must be below a specified poverty threshold established by the U.S. Department of Commerce. For the Homeowners' Property tax credit program, House Bill 44 seeks to increase the maximum assessment against which the credit may be claimed from \$300,000 to \$450,000. The bill also increases the combined gross income limit for eligibility for the tax credit from \$60,000 to \$70,000. House Bill 44 aims to alter the definition of gross income to exclude public assistance received as a cash grant.

EXPLANATION: Based on 2022 applications received for each tax credit, general fund expenditures for the Homeowners' Tax Credit Program and the Renters' Property Tax Relief Program could increase by at least \$20 million annually, beginning in fiscal 2025.

The Department of Budget and Management (DBM) is charged with submitting a balanced budget to the General Assembly annually and will be working with the General Assembly to achieve structural balance over the long-term. In light of current projected general fund deficits in fiscal 2026 forward, the Department urges caution in passing legislation significantly reducing general fund revenues. State government must be intentional, disciplined, and strategic with its allocation of State funding to ensure maximum impact toward priority outcomes.

It would be challenging for the State to manage this revenue loss given the forecasted out-year deficits for the General Fund.

**For additional information, contact Laura Vykol-Gray at
(410) 260-6371 or laura.vykol@maryland.gov**