House Bill 1324

Homestead Property Tax Credit – Eligible Properties – Alteration

MACo Position: **OPPOSE**

To: Ways and Means Committee

Date: March 5, 2024

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **OPPOSES** HB 1324, as it opens up property tax savings under the Homestead Property Tax Credit to include additional residences. This dramatically undermines the longstanding policy purpose of the credit – to ensure stability in tax bills after purchasing a principal residence.

Counties oppose this bill because it compromises the basic nature of the Homestead Property Tax Credit and threatens a severe fiscal impact on county budgets. The Homestead Property Tax Credit acts to cap assessments of owner-occupied residences so that a resident's property tax burden does not increase substantially over the prior year. It provides consistency for taxpayers who live in and own their homes. Nearly every county has exercised its authority to lower its cap, giving security to homeowners beyond that required by the State.

Under current law, the credit applies only to a homeowner's principal residence. In addition, the owner must live in the dwelling for at least six months a year unless the owner is temporarily unable to do so because of illness or needing special care.

However, if the tax credit were expanded to additional residences, including condominiums, apartments, and other properties, counties would lose millions of dollars from their primary revenue source. Counties could be forced to eliminate their expansions of the Homestead Property Tax Credit where feasible – or, potentially, cut budgets for schools, housing, public health, public safety, roadway maintenance, and other essential public services.

HB 1324 subverts the primary policy goal of this longstanding and successful homeowner program and jeopardizes millions of dollars in revenue for essential local services. For these reasons, MACo urges the Committee to issue an **UNFAVORABLE** report on HB 1324.