



House Bill 1214

Property Tax - Homestead Property Tax Credit - First-Time Homebuyer

MACo Position: **OPPOSE**

To: Ways and Means Committee

Date: February 26, 2025

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **OPPOSES** HB 1214, which mandates a new property tax credit under the Homestead Property Tax Credit for first-time homebuyers.

While promoting home ownership is a laudable goal, this bill imposes a significant unfunded mandate onto county governments by mandating new property tax exemptions without local authority or offsetting revenue. This significantly reduces local governments' primary revenue source — property taxes — while leaving counties responsible for funding critical services such as education, public safety, infrastructure, and social programs.

Property taxes are the foundation of local government funding, ensuring stable resources for essential services that residents rely on daily. The bill undermines this stability by granting broad tax exemptions, removing taxable properties from county tax bases, and forcing local governments to absorb revenue losses without any ability to adjust tax policy or recover lost funds. At a time when counties already face rising costs, workforce shortages, and increasing State-mandated funding obligations, this bill would make it even harder to balance budgets without cutting essential services.

This proposal comes as the General Assembly considers shifting a quarter-billion dollars in new costs onto counties, including \$185.9 million in teacher pension costs, alongside rising local obligations for other State programs. With limited revenue-raising options, counties must choose between raising property tax rates on residents or cutting funding for schools, public safety, and infrastructure.

HB 1214 represents yet another State-mandated, locally-funded initiative that disregards the fiscal constraints of county governments. For these reasons, MACo urges an **UNFAVORABLE** report on HB 1214.