MARYLAND Association of COUNTIES

House Bill 726

Homestead Property Tax Credit - Eligible Properties - Alteration

MACo Position: **OPPOSE**

To: Ways and Means Committee

Date: February 11, 2025

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **OPPOSES** HB 726, as it opens up property tax savings under the Homestead Property Tax Credit to include additional residences beyond "owner occupied" homes. Doing so would dramatically undermine the longstanding policy purpose of the credit – to ensure stability in tax bills after purchasing a principal residence.

MACo opposes this bill because it compromises the fundamental 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. The owner must live in the dwelling for at least six months in a year unless temporarily unable to do so due to illness or special care.

However, expanding the credit to additional residences, including condominiums, apartments, and other properties, would cost counties millions of dollars from their primary revenue source. As such, counties could be forced to eliminate their voluntary Homestead Property Tax Credit expansions where feasible or cut budgets for schools, housing, public health, public safety, roadway maintenance, and other essential public services.

HB 726 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 726.

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