



**Senate Bill 812 – Homeowners Property Tax Credit – Eligibility and
Calculation -- Alterations
Hearing on March 4, 2026 – Budget and Taxation Committee
Position: FAVORABLE**

Maryland Legal Aid (MLA) submits its written and oral testimony on SB 812 in response to a request from Senator Antonio Hayes.

Maryland Legal Aid (MLA) appreciates the opportunity to testify in support of this vital legislation. We are the state’s largest nonprofit law firm, representing thousands of low-income Marylanders every year in matters from housing to family law to matters that focus on senior citizens including social security and Medicaid benefits. In addition, MLA assists dozens of low-income homeowners every year to apply for the state Homeowners Property Tax Credit. Because SB 812 would increase the amount of the Homeowners Property Tax Credit and expand eligibility for the tax credit to reach more people living in poverty, MLA testifies in strong support of SB 812.

While the state Homeowners Property Tax Credit tends to cover the entire property tax bill for low-income homeowners in Baltimore City and some other jurisdictions, in Prince George’s County, Baltimore County, Montgomery County, and Howard County, even the lowest income homeowners generally still have to pay in excess of \$1,000.00 in property taxes a year. If they are unable to do that, their properties will go into tax sale and they have the potential of losing ownership of their homes for a very small amount of property taxes. In addition, if they have a reverse mortgage on their property, which tends to be exclusively older homeowners as a person has to be 62 to obtain a reverse mortgage, the default in the property taxes will be cured by the reverse mortgage servicer, and then they will file a foreclosure action against the homeowner. Even if the homeowner has a standard mortgage, the tax default, if the property goes into tax sale, will result in a higher escrow payment and may make their mortgage payment unaffordable. SB 812 would increase the amount of the tax credit, especially for low-income homeowners, lowering the number of low-income homeowners that would not have their entire property tax bill eliminated.

Unfortunately, MLA has seen the real consequences of the limits of the property tax credits for low-income homeowners. For years, MLA represented married homeowners, Mr. and Mrs. M., who had a reverse mortgage and would continuously go into default for small amounts of property taxes due to their limited income. These Marylanders were over 80 years old and had significant disabilities. MLA first filed a Chapter 13 bankruptcy to assist the homeowners in saving their home from a tax sale foreclosure from a predatory tax sale purchaser. Then, MLA represented the couple in several foreclosure actions and was able to keep them in the home using an exemption for reverse mortgage foreclosures for homeowners over 80 who had severe medical issues. However, as the homeowners declined in health, they became unable to provide the information necessary to get this exemption or qualify for the Maryland Homeowners Assistance Fund. Eventually, the home was sold at a foreclosure sale and the homeowners passed away. If the increase in

homeowners property tax credit proposed in SB 812 existed at the time, it is likely that this default and foreclosure could have been avoided completely and these Marylanders could have passed down the property to family members.

In addition, the Homeowners Property Tax Credit was not indexed to inflation, so while the average income in Maryland has increased in the last decade and the cost of living has subsequently increased, the Homeowners Tax Credit has not adjusted to this new reality. The median household income in Maryland in 2024 was \$109,700.00¹, but only homeowners making less than \$60,000.00 a year were eligible for the Homeowners Property Tax Credit. MLA has represented numerous homeowners, especially in Montgomery County², who are just over the tax credit limit, but still live below the median income for the county, and are unable to get the property tax assistance that they need. By increasing the eligibility for the Homeowners Property Tax Credit to \$100,000.00, SB 812 makes more homeowners eligible for the credit and adjusts to the financial reality of living in Maryland.

SB 812 increases the amount of the Homeowners Property Tax Credit and increases the amount of Maryland homeowners eligible for the credit. MLA strongly supports SB 812. If you need additional information about this bill, please contact William Steinwedel at wsteinwedel@mdlabor.org and (410) 951-7643.

¹ <https://fred.stlouisfed.org/series/MEHOINUSMDA646N>

² The average median income in Montgomery County, Maryland is \$138,870, even higher than the median income statewide. <https://fred.stlouisfed.org/series/MHIMD24031A052NCEN>