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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Bill: Senate Bill 812

Title: Homeowners' Property Tax Credit - Eligibility and Calculation - Alterations

Committee: Budget and Taxation

Sponsor: Senator Antonio Hayes

Good afternoon, Chair, Vice Chair, and members of the Budget and Taxation Committee,

For the record, I am Senator Antonio Hayes, and I am here to present **Senate Bill 812**. This legislation is a vital measure to modernize our state's Homeowners' Property Tax Credit, ensuring it provides meaningful relief to Maryland's working families and seniors in the face of rising living costs.

The Homeowners' Property Tax Credit is one of our most effective tools for preventing housing instability. However, the income brackets and eligibility limits currently in statute have not kept pace with inflation or the economic reality of owning a home in 2026. Many homeowners who are struggling to make ends meet currently earn just enough to disqualify them from assistance, or they receive a credit that is too small to make a real difference.

SB 812 expands eligibility and significantly increases the value of the credit by adjusting the calculation formula in two key ways:

- 1. Expanding Eligibility:** The bill raises the combined gross income limit for eligibility from \$60,000 to **\$100,000**. This change acknowledges that a household earning \$70,000 or \$80,000 today often faces the same housing insecurity as lower-income households did a decade ago.
- 2. Updating the Calculation Formula:** The bill restructures the income brackets to reduce the tax burden on lower-income homeowners:
 - 0% Tax Liability:** It increases the threshold for the 0% tax liability bracket from the first \$8,000 of income to the first **\$15,000** of income.

- **Lower Rates for the "Missing Middle":**
 - For the next \$7,500 of income (up from \$4,000), the rate is reduced from 4% to **3%**.
 - For the subsequent \$7,500 of income, the rate is reduced from 6.5% to **6%**.
- **High Income Threshold:** The threshold at which the 9% rate applies is raised from \$16,000 to **\$30,000**.

By updating these outdated formulas, we are ensuring that the Homeowners' Property Tax Credit functions as intended—as a safety net that allows long-time residents and working families to remain in their homes and communities.

This Act will take effect June 1, 2026, and apply to taxable years beginning after June 30, 2026. I respectfully request a favorable report on Senate Bill 812.

Position: Favorable