

BRANDON M. SCOTT
MAYOR

Office of Government Relations



*88 State Circle
Annapolis, Maryland 21401*

SB0812

March 4, 2026

TO: Members of the Senate Budget and Taxation Committee

FROM: Nina Themelis, Director, Mayor's Office of Government Relations

RE: Senate Bill 812– Homeowners' Property Tax Credit - Eligibility and Calculation - Alterations

POSITION: SUPPORT

Chair Guzzone, Vice Chair Rosapepe, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **supports** Senate Bill (SB) 812.

SB 812 increases the maximum combined gross income eligibility for the State Homeowner's Tax Credit from \$60,000 to \$100,000 per household. In addition, the bill increases the income ranges for the credit calculation brackets. This legislation is not an expansion of the credit as much as it is a preservation of intent. The proposed changes reflect the initial intent of the credit by protecting homeowners facing affordability challenges.

Eligibility criteria for the Homeowner's Tax Credit have not been updated since 2006. Since then, there have been massive shifts in the economy, with household incomes, property assessment values, and housing costs increasing substantially. Over the past 20 years the median income has increased by 60% across the state. At the same time, housing costs have increased by 54% across the state.

As these changes in the economy have occurred, the number of credits issued has declined. From Fiscal 2014 to Fiscal 2024, the number of credits issued across the state dropped from 49,978 to 36,862, resulting in nearly 13,000 households foregoing the credit. Within Baltimore City during the same period, the number of credits issued dropped from 10,516 to 6,477, over 4,000 households losing this credit. These declines are assumed to be due in large part to eligibility criteria not keeping pace with economic reality.

The significant impact that the Homeowners' Tax Credit provides can be the difference between financial strain and financial stability for older adults and low- and moderate-income homeowners. Across the state, the average credit amount in 2024 was \$1,552.59. In Baltimore City, the average credit amount in 2024 was \$1,785.38, which covered, on average, 55% of a homeowner's tax bill.

Under this legislation, the City's Department of Finance estimates that over 23,000 properties within Baltimore City could become eligible for the tax credit based on the

increased household income eligibility. In addition, the restructuring of the income bracket tiers for taxable limit purposes increases the benefit for lower-income households. By raising the first income bracket to \$15,000, it is estimated an additional 531 households will be relieved of their real property tax liability within Baltimore City--owing \$0 on their real property tax bill.

As a result of these changes, the average Homeowners' Tax Credit in Baltimore City would increase by over \$866. For a resident who is retired, receiving \$18,000 annually from Social Security, and owns their home, which is assessed at \$120,000, this would result in a \$500 increase in the credit amount. Their taxable limit, which is the net taxes to be paid, would go from \$600 to \$90.

Stabilizing families, residents, and neighborhoods is a critical goal for the Baltimore City Administration, especially for older adults and low- and moderate-income homeowners. Property tax payments can be a challenge for those with a limited income, especially with rising inflation across the economy. Baltimore City is taking a targeted approach, as outlined in the new 10-Year Financial Plan, *Securing Baltimore's Future*, to reduce the tax burden on City residents through additional efforts at the local level.

Securing Baltimore's Future calls for reducing the effective tax rate for residents to \$1.76 by 2035 through direct tax relief and realignment of the tax rate with surrounding jurisdictions. The City is also launching an initiative to boost enrollment in the Homeowner's and Homestead tax credits, which have supplemental City tax credits that add additional tax relief from the City.

SB 812 adjusts income eligibility and credit calculation brackets, which will bring these thresholds in closer alignment with current economic conditions. As a result, thousands of residents across Baltimore City and the state that were previously eligible and received the credit may be eligible again. This is especially important for low-income homeowners on fixed incomes who are facing rising costs in all areas of their lives.

For these reasons, the BCA respectfully requests a **favorable** report on SB 812.