



TESTIMONY

COMMITTEE: Senate Budget and Taxation

DATE: March 4, 2026

POSITION: Informational

BILL: SB 812

The Maryland Municipal League (MML) provides this Letter of Information to highlight the downstream fiscal impacts of SB 812 on municipal governments. While this legislation aims to expand the State Homeowners' Tax Credit, it simultaneously triggers automatic expansions of local supplemental credits in many of Maryland's 157 cities and towns. MML urges the Committee to consider the unintended "coupling" effect this bill has on local budgets.

Under Tax-Property § 9-215, many municipalities have exercised their local authority to provide "supplemental" credits to the state program. In many instances, the eligibility for these local credits is legally tied to the state's definitions of income and net worth. When the state raises the income threshold (as proposed from \$60,000 to \$88,000 by 2029) or alters the tax limit formula, it automatically expands the pool of eligible participants for the local credit as well.

This effectively forces a local revenue reduction without a corresponding local vote or budget adjustment. For municipalities that have already "opted-in" to support their residents, this bill moves the goalposts, turning a controlled local program into an open-ended fiscal commitment.

MML believes that if the state chooses to expand its own social safety net through the Homeowners' Tax Credit, that expansion should not mandate a concurrent loss in local municipal revenue. To protect local fiscal autonomy, the Committee might consider decoupling Local Eligibility via Amendments that clarify that any state-level expansion of eligibility for the § 9-104 credit does not automatically apply to local supplements authorized under § 9-215 unless the local governing body affirmatively votes to adopt the new standards.

We look forward to working with the sponsor and the Committee to ensure that state-level relief does not inadvertently destabilize municipal budgets.

For more information relating to this piece of testimony, please contact:

Justin Fiore: Director, Advocacy and Public Policy, justinf@mdmunicipal.org