



## TESTIMONY

**COMMITTEE:** House Ways and Means

**DATE:** February 17, 2026

**POSITION:** Unfavorable

**BILL:** HB 652

The Maryland Municipal League opposes House Bill 652, which would grant a first-time homebuyer the homestead property tax credit at the taxable assessment of the prior owner.

While the League supports the goal of expanding homeownership and assisting first-time buyers, HB 652 as drafted would significantly undermine the fiscal stability of Maryland's cities and towns by permanently decoupling property tax revenues from actual market growth.

The Homestead Property Tax Credit was designed as a "stay-in-place" protection to prevent long-term residents from being priced out of their homes due to rapid appreciation. It was never intended to be a portable subsidy that survives the transfer of property.

By allowing a first-time homebuyer to inherit the taxable assessment of a prior owner, HB 652 effectively prevents a property from ever "resetting" to its true market value. This creates a permanent revenue gap that cannot be recovered, even when a home is sold for a significant profit.

Property taxes are the lifeblood of municipal government, accounting for **approximately 50% of municipal general fund revenues**. Unlike the State or large counties, municipalities have very few diversified revenue levers. When the tax base is artificially suppressed, the resulting erosion of the primary revenue source for 161 municipal governments forces a direct trade-off between cutting essential public safety and infrastructure services or imposing tax rate hikes on the broader community to bridge the fiscal gap.

For these reasons the League respectfully requests that this committee provide an unfavorable report on House Bill 652.

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

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