



## TESTIMONY

**COMMITTEE:** House Ways and Means

**DATE:** March 3, 2026

**POSITION:** Unfavorable

**BILL:** HB 1273

The Maryland Municipal League (MML), representing 161 local governments in Maryland's, respectfully opposes HB 1273. While we recognize the bill's intent to provide property tax relief and encourage residential mobility, the proposed mandates—specifically the reduction of the Homestead Tax Credit cap and the introduction of credit portability—pose a severe threat to the long-term fiscal stability of municipal governments.

Currently, municipalities have the flexibility to set their Homestead Tax Credit cap between 100% and 110%. HB 1273 would arbitrarily lower the maximum ceiling to 105%, forcing revenue loss and eliminating local decision making. For many municipalities, the current cap is a critical tool for balancing budgets amidst rising inflation and increased costs for essential services like public safety, trash removal, and road maintenance. Leaders are in the best position to determine a cap that balances homeowner protection with the community's need for infrastructure and services. A state-mandated 105% cap removes this vital local discretion.

The introduction of "portability"—allowing a homeowner to transfer their tax credit benefit to a new property—creates significant administrative and fiscal challenges as well. **Portability makes local revenue forecasting nearly impossible.** Municipalities could see sudden, significant drops in anticipated tax revenue based on the real estate transactions of individuals moving into the jurisdiction, rather than the actual value of the property within their borders.

Furthermore, municipalities that are successfully attracting new residents will be penalized by "importing" tax liabilities from other jurisdictions, effectively subsidizing the tax relief of a previous jurisdiction at the expense of local services.

In a period where Maryland's local governments are already facing a challenging fiscal outlook and structural deficits, HB 1273 places additional, unmanageable pressure on the primary revenue source for municipal services.

For these reasons, the League respectfully requests an unfavorable report on House Bill 1273.

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

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