

Department of Legislative Services

Maryland General Assembly

2026 Session

FISCAL AND POLICY NOTE

First Reader

House Bill 1096

(Delegate J. Long, *et al.*)

Ways and Means

Property Tax Credits - Notice Through Property Tax Bill

This bill requires Baltimore City and county governments to give written notice, through the annual property tax bill, of specified property tax credits for which a taxpayer may be eligible. **The bill takes effect June 1, 2026.**

Fiscal Summary

State Effect: None.

Local Effect: Potential increase in county expenditures relating to new notification costs, beginning in FY 2027, which could total approximately \$0.5 million statewide. County revenues are not directly affected. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Current Law: A well-defined statutory relationship exists between the State and local governments in the administration of the property tax system. While property tax revenues are a relatively minor revenue source to the State, the State has assumed responsibility for the valuation and assessment of property. Local governments, on the other hand, levy and collect property taxes.

Statewide Mandatory Property Tax Credit Programs

The major statewide mandatory credits include the homeowners' and renters' tax credit programs ("circuit breaker"), the enterprise zone credit, and the homestead property tax credit program. These credits are found in Title 9, Subtitle 1 of the Tax – Property Article. Statewide mandatory tax credits reduce local property taxes; however, with respect to the homeowners', renters', and enterprise zone tax credits, counties are reimbursed in full or in part by the State for their revenue losses. Local governments may enact a local supplement to the Homeowners' Tax Credit Program, providing additional relief to homeowners, although they must incur the cost of the local supplement.

Statewide Optional Property Tax Credits

Tax credits that may be authorized by local governments, against local property taxes only, are specified by law for various types of property. Currently, there are 73 optional property tax credits authorized by the General Assembly that are made available on a statewide basis. These credits are found in Title 9, Subtitle 2 of the Tax – Property Article.

County Specific Property Tax Credits

Tax credit programs mandated by law may be applicable only to specific counties or municipalities. These credits can be found in Title 9, Subtitle 3 of the Tax – Property Article. In addition to statewide optional tax credits, some optional credits are applicable only to a specified county or municipality within a specified county. These county specific optional credits are found in Title 9, Subtitle 3 of the Tax – Property Article.

Notice Requirement

Baltimore City and county governments must give notice of each county property tax credit that the taxpayer is entitled to when sending out a tax bill to a taxpayer who is entitled to a property tax credit.

Local Fiscal Effect: County governments are responsible for property tax billings on behalf of the State, county, and municipal governments and therefore will be responsible for preparing and sending out the additional notices required by the bill. As a point of reference, there are approximately 2.1 million residential real property accounts in the State. Assuming the additional notification costs average \$0.25 per account, county government expenditures could increase by approximately \$0.5 million annually, beginning in fiscal 2027. The estimated notification costs reflect one additional page within the property tax bill for a new insert and an increase in mailing costs.

Anne Arundel and Montgomery counties provided more specific information regarding potential costs, as discussed below.

Anne Arundel County

Anne Arundel County reports that to include a comprehensive list of all potential tax credits would require a significant revision of the tax bill stock that is ordered by the county or substantially change the tax flyer that is included with property tax bills. Alternatively, the county may have to issue another insert entirely for just tax credit programs, which would increase mailing costs.

Anne Arundel County advises that the county currently informs property owners of potential tax credits in two ways: (1) by including broad descriptions of some common programs and providing contact information to staff in the Tax Division on the back of the property tax bill; and (2) by including the two most significant programs – the Homestead Property Tax Credit Program and the Homeowners’ Property Tax Credit Program – on the required tax flyer.

Anne Arundel County issues approximately 200,000 tax bills each July. In addition, there are 40,000 to 52,000 mailings for installments, half-year payments, and new construction bills. The annual cost for these mailings total approximately \$700,000.

In addition to the Homeowners’ Property Tax Credit and Homestead Property Tax Credit, Anne Arundel County has enacted 19 local property tax credits. The county reports that listing all of these credits on the annual tax bill could be substantial, especially if descriptions or eligibility requirements are included to help property owners understand how to apply or whether they are truly eligible.

Mailing inserts with tax bills requires an automated process that a contractor performs, often at about \$0.25 to \$0.50 per bill. Anne Arundel County advises that if the required information cannot fit on the back of the existing bill stock, it may require a separate insert to be included with the tax bill. The cost for an insert specific to tax credit programs is likely the same as the cost for the tax flyers, which totaled approximately \$6,000 for the fiscal 2026 mailing. If the contractor cannot accommodate the additional inserts, the county may have to find another contractor to perform the property tax mailing, which may cost more than is currently paid.

Anne Arundel County also notes that there could be a potential operational impact on the Office of Finance if there is an increase in call volume as property owners have questions regarding the additional information included on or with the tax bill.

Montgomery County

Montgomery County advises that the bill will increase printing and mailing costs for approximately 365,000 tax bills as the county is currently at the maximum weight for the first class mailing of the tax bills. The exact cost cannot be quantified and will depend on the amount of additional information the tax bill must contain.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Anne Arundel and Montgomery counties; Department of Legislative Services

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