

Department of Legislative Services  
Maryland General Assembly  
2026 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 1546  
Ways and Means

(Delegate Metzgar)

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**Baltimore County - Homestead Property Tax Credit - Individuals at Least 65  
Years Old**

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This bill reduces the State and county homestead property tax credit percentage to 0% for dwellings in Baltimore County belonging to homeowners who are at least 65 years old. **The bill takes effect June 1, 2026, and applies to taxable years beginning after June 30, 2026.**

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**Fiscal Summary**

**State Effect:** Annuity Bond Fund (ABF) revenues decrease by approximately \$0.8 million in FY 2027 and \$0.6 million in FY 2028, which reflect the first two years of implementation. Future year revenues could decrease by a greater amount depending on rising property assessments. The revenue decrease may require either (1) an increase in the State property tax rate or (2) a general fund appropriation to cover debt service on the State's general obligation (GO) bonds.

**Local Effect:** Baltimore County property tax revenues decrease by approximately \$4.8 million in FY 2027 and 2028, which reflect the first two years of implementation. Future year revenues could decrease by a greater amount depending on rising property assessments. County expenditures are not directly affected. **This bill imposes a mandate on a unit of local government.**

**Small Business Effect:** None.

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## Analysis

### Current Law:

#### *Homestead Property Tax Credit Program*

The homestead property tax credit program (assessment caps) provides tax credits against State, county, and municipal real property taxes for owner-occupied residential properties for the amount of real property taxes resulting from an annual assessment increase that exceeds a certain percentage or “cap” in any given year. The State requires the cap on assessment increases to be set at 10% for State property tax purposes; however, local governments have the authority to lower the cap. A majority of local subdivisions have assessment caps below 10%. The homestead assessment cap in Baltimore County is set at 4%. **Exhibit 1** lists the county assessment caps for fiscal 2025 through 2027.

Subject to submitting a specified application to the State Department of Assessments and Taxation and having the application approved, the department must authorize and the State, a county, or a municipality must grant a homestead property tax credit for a taxable year unless during the previous taxable year (1) the dwelling was transferred for consideration to new ownership; (2) the value of the dwelling was increased due to a change in the zoning classification of the dwelling initiated or requested by the homeowner or anyone having an interest in the property; (3) the use of the dwelling was changed substantially; or (4) the assessment of the dwelling was clearly erroneous due to an error in calculation or measurement of improvements on the real property.

In addition, in order to qualify for the property tax credit, a homeowner must actually reside in the dwelling by July 1 of the taxable year for which the property tax credit is to be allowed. A homeowner may claim a property tax credit for only one dwelling.

The homestead property tax credit program is administered as follows:

- Increases in property assessments are equally spread out over three years. For example, if a property’s assessment increased by \$120,000, from \$300,000 to \$420,000, the increase would be phased in through increments of \$40,000 annually for the next three years.
- If the assessment cap was set at 10%, however, the amount of assessment subject to taxes would increase by only \$30,000 in the first year, \$33,000 in the following year, and \$36,300 in the third year.
- Since the assessment cap was set lower than the actual market increase, the homeowner does not have to pay taxes on the property’s full assessed value.

The extent to which the homestead property tax credit program may actually restrict the ability of a county to raise property tax revenues depends on the county’s need for revenues

from the property tax and other legal and practical limitations. For example, a county impacted by a charter-imposed property tax limitation measure would presumably reduce tax rates to offset the impact of rising assessments in the absence of the homestead credit.

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**Exhibit 1**  
**County Assessment Caps**

County	FY 2025	FY 2026	FY 2027
Allegany	4%	4%	4%
Anne Arundel	2%	2%	2%
Baltimore City	4%	4%	4%
Baltimore	4%	4%	4%
Calvert	10%	10%	10%
Caroline	5%	5%	5%
Carroll	5%	5%	5%
Cecil	4%	4%	4%
Charles	7%	7%	7%
Dorchester	5%	5%	5%
Frederick	5%	5%	5%
Garrett	3%	3%	3%
Harford	5%	5%	5%
Howard	5%	5%	5%
Kent	5%	5%	5%
Montgomery	10%	10%	10%
Prince George's	3%	3%	3%
Queen Anne's	5%	5%	5%
St. Mary's	3%	3%	3%
Somerset	10%	10%	10%
Talbot	0%	0%	0%
Washington	5%	5%	5%
Wicomico	5%	5%	5%
Worcester	3%	3%	0%

Source: State Department of Assessments and Taxation; Department of Legislative Services

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### *Property Assessment Increases*

The real property tax base in Baltimore County is projected to increase by \$4.9 billion in fiscal 2027, after accounting for the homestead property tax credits. This represents a 4.6% annual increase in taxable assessments. As shown in **Exhibit 2**, the real property tax base in Baltimore County has realized modest growth since fiscal 2020, with higher growth rates in more recent years. Additional information on property tax assessments is provided in the [Local Government Overview Report](#), which charts the triennial change in the full cash value for each assessment group since 2017.

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**Exhibit 2**  
**Baltimore County Real Property Tax Base**  
**Annual Percent Change**

<b>FY 20</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>FY 24</b>	<b>FY 25</b>	<b>FY 26</b>	<b>FY 27</b>
3.2%	3.1%	2.9%	3.0%	3.5%	4.5%	5.1%	4.6%

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**State Fiscal Effect:** ABF revenues decrease by approximately \$0.8 million in fiscal 2027 and \$0.6 million in fiscal 2028, which reflect the first two years of implementation. Future year revenues could decrease by a greater amount depending on rising property assessments. Under current law, the 10% homestead assessment cap reduces the State property tax base in Baltimore County by \$463.7 million. By lowering the homestead assessment cap to 0% for senior homeowners, a larger portion of the property tax base in Baltimore County would not be taxable for State purposes. This estimate is based on the following:

- 282,591 taxable real property tax accounts in Baltimore County for State purposes.
- 25% of real property tax accounts related to senior homeowners.
- State property tax base is reduced by \$726.8 million in fiscal 2027 and by \$518.4 million in fiscal 2028.
- State property tax rate is \$0.112 per \$100 of assessment.

### *Impact on Debt Service Payments*

Debt service payments on the State's GO bonds are paid from the ABF. Revenue sources for the fund include State property taxes, premium from bond sales, and repayments from certain State agencies, subdivisions, and private organizations. General funds may be appropriated directly to the ABF to make up any differences between the debt service payments and funds available from property taxes and other sources. The

fiscal 2027 budget assumes \$1.3 billion in State property tax revenues to the ABF. In addition, \$177.7 million in general funds and \$0.8 million in federal funds are budgeted to the ABF, since the State property tax rate is not set high enough to cover the full cost of the debt service payments on the State's GO bonds.

To offset the reduction in State property tax revenues, general fund expenditures could increase in an amount equal to the decrease in the ABF revenues, or the State property tax rate would have to be increased to meet debt service payments.

**Local Fiscal Effect:** Baltimore County property tax revenues decrease by approximately \$4.8 million in fiscal 2027 and 2028, which reflect the first two years of implementation as a result of reducing the county homestead assessment cap for senior homeowners. Future year revenues could decrease by a greater amount depending on rising property assessments, which could significantly increase the cost of the lower homestead assessment cap. This estimate is based on the following:

- 282,568 taxable real property tax accounts in Baltimore County.
- 25% of real property tax accounts related to senior homeowners.
- County property tax base is reduced by \$439.6 million in fiscal 2027 and by \$438.8 million in fiscal 2028.
- County property tax rate is \$1.10 per \$100 of assessment.

Additional information on the homestead property tax credit program and the fiscal impact on county governments is provided in the [Local Government Overview Report](#). Information on local tax rates and revenue collections for each county government is provided in the [County Revenue Outlook Report](#). A copy of both reports is available on the Department of Legislative Services [website](#).

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### **Additional Information**

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

**Designated Cross File:** None.

**Information Source(s):** Baltimore County; State Department of Assessments and Taxation; Department of Legislative Services

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