

Department of Legislative Services  
Maryland General Assembly  
2026 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 805  
Ways and Means

(Delegate Solomon, *et al.*)

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**Building Homes Act**

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This bill authorizes county and municipal governments to grant a property tax credit for a dwelling if the dwelling is subject to: (1) a mortgage or deed of trust provided by a nonprofit entity; and (2) a covenant or legally binding agreement with a duration of at least 20 years that enforces income and equity or appreciation restrictions and ensures affordable pricing of the dwelling, including on resale. The amount of the property tax credit is equal to an amount up to the difference between the tax imposed on: (1) the full assessed value of the dwelling; and (2) the portion of the value of the dwelling that the homeowner is responsible for paying on the homeowner's first mortgage or deed of trust. Local governments may provide for: (1) the duration of the tax credit; (2) additional eligibility criteria for the tax credit; (3) regulations and procedures for the application and uniform processing of requests for the tax credit; and (4) any other provision necessary to carry out the tax credit. **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:** None.

**Local Effect:** Local property tax revenues may decrease beginning in FY 2027 to the extent the property tax credit is granted. Local expenditures are not affected.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** 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 and are listed in Appendix 1 of the [Guide to Local Government Taxing Authority](#).

**Local Fiscal Effect:** Local property tax revenues may decrease beginning in fiscal 2027 to the extent the property tax credit is granted. The amount of the revenue decrease depends on the number of dwellings that are purchased and financed in each county in the manner prescribed by the bill and the selling price of these dwellings, neither of which can be reliably estimated.

The bill will enable local governments to provide a one-time property tax credit to nonprofit mortgage lien holders reflecting the value of the price of a recently sold property charged to the homeowner through an income, equity, and appreciation restricted agreement, rather than the price recorded on the deed with the local government. As a result, the tax credit would allow organizations such as Habitat for Humanity to recoup a portion of their up-front costs.

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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):** Maryland Association of Counties; Maryland Municipal League; Judiciary (Administrative Office of the Courts); State Department of Assessments and Taxation; Department of Legislative Services

**Fiscal Note History:** First Reader - February 15, 2026  
caw/hlb

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