

Department of Legislative Services  
Maryland General Assembly  
2026 Session

FISCAL AND POLICY NOTE  
Third Reader - Revised

House Bill 842  
Ways and Means

(Delegate Griffith, *et al.*)

Budget and Taxation

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**Property Tax Credit - Surviving Spouse of Military Service Member**

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This bill authorizes county and municipal governments to grant a property tax credit for the dwelling owned by the surviving spouse of a military service member who does not qualify for a specified property tax exemption. Local governments may provide for: (1) the amount and duration of the tax credit; (2) additional eligibility requirements 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 decrease beginning in FY 2027 to the extent the property tax credit is granted. Local expenditures are not directly affected.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** The real property owned by disabled veterans, as their legal residence, is exempt from taxation if specified requirements are met. A disabled veteran is an individual who is honorably discharged or released under honorable circumstances from active service in any branch of the U.S. Armed Forces. To qualify for the tax exemption, the disabled veteran must have a 100% service-connected disability rating. Real property owned by the surviving spouse of a disabled veteran and the surviving spouse of an

individual who died in the line of duty while in active military, naval, or air service of the United States is exempt from taxation. In addition, a home owned by the surviving spouse of a veteran of the U.S. Armed Forces who receives Dependency and Indemnity Compensation from the U.S. Department of Veterans Affairs (VA) is eligible for a property tax exemption under specified circumstances.

A disabled veteran or a surviving spouse of a disabled veteran must apply for a property tax exemption by providing to the Supervisor of Assessments (1) a copy of the disabled veteran's discharge certificate from active military, naval, or air service and (2) on the form provided by the department, a certification of the disabled veteran's disability from the VA or a rating decision of the disabled veteran's disability from the VA that includes the effective date of the rating decision. The disabled veteran's certificate of disability may not be inspected by individuals other than (1) the disabled veteran or (2) appropriate employees of the State, a county, or a municipality.

The dwelling house of a surviving spouse is exempt from property tax if: (1) the dwelling house was owned by the service member at the time of the service member's death; (2) the dwelling house was acquired by the surviving spouse within two years of the service member's death, if the service member or the surviving spouse was domiciled in the State as of the date of the service member's death; or (3) the dwelling house was acquired after the surviving spouse qualified for exemption for a former dwelling house.

#### *Fiscal Impact of Current Exemption*

For fiscal 2026, 32,299 property owners are receiving a property tax exemption for being a disabled veteran (30,697), a surviving spouse (1,556), or a disabled active-duty service member (46), and the assessment for these properties is approximately \$15.3 billion. The average exemption is \$400,315, and the associated State revenue loss from these exemptions totaled approximately \$17.2 million, based on a \$0.112 State property tax rate. All State property tax revenues are credited to a special fund, the Annuity Bond Fund, dedicated exclusively to paying the debt service on State GO bonds. Local governments generally have the authority to set their own property tax rates. Based on the average combined county-municipal property tax rate, the projected local revenue loss from the current exemption could total approximately \$190 million.

**Local Fiscal Effect:** Local property tax revenues decrease beginning in fiscal 2027 to the extent the property tax credit is granted. The impact on local revenues will vary depending on the actual number of jurisdictions that grant the tax credit, where each recipient resides, the assessed value of each property, and local property tax rates.

## **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; State Department of Assessments and Taxation; Department of Legislative Services

**Fiscal Note History:** First Reader - February 22, 2026  
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