



## **ANNE ARUNDEL COUNTY GOVERNMENT RELATIONS OFFICE**

### **Legislative and Fiscal Summary of Administration Legislation**

**To:** Members, Anne Arundel County Council

**From:** Ethan Hunt, Director of Government Affairs /s/

**Date:** July 7, 2025

**Subject:** Bill No.65-25 – Finance, Taxation, and Budget – Real Property Taxes – Homeowners Property Tax Credit Program – Total Real Property Tax

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This summary was prepared by the Anne Arundel County Government Relations Office for use by members of the Anne Arundel County Council during consideration of Bill No. 65-25.

#### **Summary**

This Bill, requested by the Administration, modifies the local supplement to the Homeowners' Property Tax Credit Program, by increasing the threshold for assessed value from \$350,000 to \$400,000. This will enable more county residents to qualify for the credit, as property values have increased significantly since the \$350,000 threshold was established.

Md Code Ann. Tax-Prop. Art. §9-104 outlines the state Homeowners' Property Tax Credit Program, which allows credits against the homeowner's property tax bill if the property taxes exceed a fixed percentage of the person's gross income. To be eligible for the Program, an individual (1) must own or have a legal interest in the property; (2) the dwelling on which the individual is seeking the tax credit must be their principal residence where they live at least six months of the year, including July 1, unless they are a recent home purchaser or they are unable to do so because of health or need of special care; (3) the individual's net worth, not including the value of the property on which they are seeking the credit or any qualified retirement savings or Individual Retirement Accounts, must be less than \$200,000; and (4) their combined gross household income cannot exceed \$60,000. The tax credit is based upon the amount by which the property taxes exceed a percentage of income according to the following formula: 0% of the first \$8,000 of the combined household income; 4% of the next \$4,000 of income; 6.5% of the next \$4,000 of income; and 9% of all income above \$16,000. The credit only applies to taxes resulting from the first \$300,000 of assessed valuation and does not cover any metropolitan or fixed charges for water and sewer services that may appear on the tax bill. If an applicant owns a large tract of land, the credit will be limited to the lot or curtilage on which the dwelling stands

**Note: This Legislative and Fiscal Summary provides a synopsis of the legislation as introduced. It does not address subsequent amendments to the legislation.**

and will not include the excess acreage. If a portion of the dwelling is used for commercial or business purposes, the credit will be based only upon the taxes for that portion of the dwelling occupied by the household.<sup>1</sup>

Md Code Ann. Tax-Prop. Art. §9–215 authorizes the Mayor and City Council of Baltimore City or the governing body of a county to grant a local supplement to the Homeowners Property Tax Credit Program. Anne Arundel has a local supplement, which is found in Anne Arundel County Code §4–2–204. The local supplement to the Homeowners Property Tax Credit Program is the difference between the amount of the property tax credit as calculated under the Tax-Property Article, §9–104(g) and the amount of the property tax credit as calculated by determining the total real property tax on a dwelling, less the following percentage of the combined income of the homeowner: 0% of the 1st \$4,000 of combined income; 0% of the 2nd \$4,000 of combined income; 0% of the 3rd \$4,000 of combined income; 3% of the 4th \$4,000 of combined income; 7% of the 5th \$4,000 of combined income; and 9% of combined income over \$20,000. The local supplement currently only applies to the sum of all property tax rates on real property, including special district tax rates, for the taxable year on a dwelling, multiplied by the lesser of \$350,000 or the assessed value of the dwelling reduced by the amount of any assessment on which a property tax credit is granted under the Md Code Ann. Tax-Prop. Art. §9-105. The State Department of Assessments and Taxation (“SDAT”) and the Comptroller’s Office must be notified of any changes to the local supplement by March 1 preceding the fiscal year for which the changes are effective.

#### **Purpose**

The purpose of this Bill is to modify the local supplement to the Homeowners’ Property Tax Credit Program, by increasing the threshold for assessed value from \$350,000 to \$400,000.

#### **Fiscal Impact**

Please see the Fiscal Note the Budget Office has prepared for an explanation of the fiscal impact of this Bill.

#### **Additional Information**

The Government Relations Office is available to answer any additional questions regarding this Bill. Specific questions should be directed to Lori Blair Klasmeier, Office of Law, Brian Schenck, Office of Finance, or Hujia Hassim, Office of Budget. Thank you.

cc: Honorable Steuart Pittman, County Executive  
Christine Anderson, Chief Administrative Officer  
Jenny Proebstle, Chief of Staff  
Gregory Swain, County Attorney  
Chris Trumbauer, Budget Officer  
Billie Penley, Controller

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<sup>1</sup> Homeowners' Property Tax Credit Program, Maryland State Departments of Assessment and Taxation, *available at*: <https://dat.maryland.gov/realproperty/pages/homeowners'-property-tax-credit-program.aspx>. Last accessed 6/30/2025.