



## House Bill 677

### *Homestead Property Tax Credit - Portability of Value to New Dwelling*

MACo Position: **OPPOSE**

To: Ways and Means Committee

Date: February 15, 2022

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **OPPOSES** HB 677.

This bill opens up property tax savings under the Homestead Property Tax Credit to be “portable” for specified homeowners. This dramatically undermines the longstanding policy purpose of the credit – to ensure stability in tax bills after the time of purchase.

Counties oppose this bill because it compromises the basic nature of the Homestead Property Tax Credit and threatens a severe fiscal impact to county budgets. The Homestead Property Tax Credit acts to essentially cap assessments of owner-occupied residences, so that a resident’s property tax burden does not increase too substantially over the prior year. It provides consistency for taxpayers who live in and own their homes. Nearly every county has exercised their authority to lower their caps, providing security to homeowners beyond that which is required by the State.

HB 677 would make up to \$25,000 in property tax savings “portable” for individuals that previously received the credit and purchase a new dwelling within three years. Although the portability is limited to the first taxable year of the new dwelling, this bill could severely undermine local revenues. In addition, tracking the transfer of credits would be extremely complex and administratively burdensome for both local governments and the State Department of Assessments and Taxation.

As such, counties could be forced to eliminate their expansions of the Homestead Property Tax Credit altogether where feasible – or, potentially, cut budgets for schools, public health, public safety, roadway maintenance, and other essential public services.

HB 677 subverts the main policy goal of this longstanding and successful homeowner program and would deplete limited funds for essential local services. For these reasons, MACo urges the Committee to issue an **UNFAVORABLE** report on HB 677.