HB44
Renters' Property Tax Credit and
Homeowners' Property Tax Credit Programs Alteration

A household is cost-burdened when 30% or more of the gross monthly income is dedicated to housing costs such as rent/mortgage, utilities, property tax, repairs, renovations, and other associated expenses. A severe cost burden exists when over 50% of the monthly expenses are dedicated to housing costs. In general, lower and fixed income communities of color have greater rates of cost burden especially when development around them increases property tax rates.

For example, currently in Maryland, home prices and property taxes are rising along the Purple Line Corridor. Some communities which used to have some of the most affordable single-family homes as recently as 10 years ago now have median home prices that have doubled in real terms. This can create a cost burden because soaring home values mean higher property taxes. Further, cost burden is not evenly distributed as the challenges differ widely by race.

The Renters' Property Tax Credit Program and Homeowners' Property Tax Credit Program support housing stability for Maryland residents by effectively setting a limit on the amount of property taxes a resident will pay. The programs provide a tax credit or refund check against the person's property tax bill if the property taxes exceed a fixed percentage of the person's gross income. The exact method the credit is applied is based on whether the individual is a homeowner or renter and when the application is processed. The Renters' Tax Credit Program acknowledges that renters indirectly pay property taxes as part of their rent.

Both of these programs play vital roles in keeping low-income Marylanders in their homes.

The income cap for these programs was established 15 years ago. These programs are outdated based on inflation, increased cost of living, and current home values. Further, in the current definition of income for both programs, public assistance received in cash grants (such as TCA and TANF) count toward your income.

This bill will:

✔ Alter the definition of "gross income" to exclude public assistance received in cash grants

✔ Increase household gross income limit to $70,000 for both programs allowing more households to qualify

✔ Increase the allowable maximum value of dwellings that qualify for the program (from $300,000 to $450,00)

These changes will support Marylanders along the Purple Line Corridor and other areas in the state with significant and rapid investment to stay in their homes and benefit from the financial and community benefits of increased development in these diverse areas. It will also support future community members to stay in their homes as future transit-oriented development projects are created throughout the state.

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