

**M E M O R A N D U M**

March 24, 2025

TO: Government Operations and Fiscal Policy (GO) Committee

FROM: Christine Wellons, Chief Legislative Attorney

SUBJECT: Bill 3-25, Homeowners' Property Tax Credit – County Supplement - Amendments

PURPOSE: Worksession – recommendation expected

**Expected Attendees**

Dennis Hetman, Fiscal Manager, Department of Finance

Todd Fawley-King, Fiscal and Policy Analyst, Department of Finance

Bill 3-25, Homeowners' Property Tax Credit – County Supplement - Amendments, was introduced on February 11, 2025. The Lead Sponsor is the Government Operations and Fiscal Policy Committee: Council President Stewart and Councilmembers Friedson and Katz. The Co-Sponsors are Councilmembers Glass, Luedtke, Balcombe, Sayles, Fani-González, and Alborno. A public hearing occurred on March 4.

Bill 3-25 would:

- (1) alter eligibility requirements to receive the County's supplement to the Homeowners' Tax Credit;
- (2) alter the amounts of the County's supplement to the Homeowners' Tax Credit; and
- (3) generally amend tax credits available to County residents.

**BACKGROUND**

The State of Maryland provides a Homeowners' Tax Credit (HOTC) to certain eligible homeowners. The state HOTC is available to real property owners on their principal residences when the owner has a combined income of less than \$60,000 and a net worth of less than \$200,000. The calculation of net worth excludes:

- the dwelling for which a property tax credit is sought;
- the cash value of the life insurance policies on the life of the homeowner;
- the cash value of any qualified retirement savings plans or individual retirement accounts; or

- tangible personal property.

The state HOTC applies to \$300,000 of a home's assessed value, and the amount of the credit varies based upon the income level of the homeowner.

The state authorizes counties to "grant, by law, a local supplement to the Homeowners Property Tax Credit Program[.]" Md. Code Ann., Tax-Property Article, § 9-215. Pursuant to this authority, the County provides a supplement (County Supplement) to the state HOTC under Section 52-85 of the Montgomery County Code. Currently, the County Supplement is available based upon the same criteria as the state HOTC (*i.e.*, it is available to homeowners whose combined income does not exceed \$60,000 and whose net worth does not exceed \$200,000). The County Supplement may be applied to \$300,000 of the home's assessed value.

According to state law (Tax-Property, § 9-215), the County may vary the income and net worth criteria. In addition, the County may vary the amount of the County Supplement, the amount of assessed value that the credit may apply to, and the calculation of the credit on a sliding scale based upon the homeowner's income level. *Id.*

#### **BILL SPECIFICS**

As permitted under state law, Bill 3-25 would alter: (1) the criteria to qualify for the County Supplement; (2) the amount of the supplement based upon homeowners' income levels; and (3) the cap on assessed value to which the credit applies.

Specifically, the bill would increase the combined income eligibility level from \$60,000 to \$75,000, and it would increase the net worth criteria from \$200,000 to \$250,000. As stated in the Background section, "net worth" does not include the value of the property subject to the credit, life insurance policies, retirement accounts, or tangible personal property.

The bill also would increase from \$300,000 to \$375,000 the assessed value upon which the credit could apply. In terms of the amount of the credit, the amounts would continue to vary based upon the homeowner's income level, but the amounts would be increased as follows.

<b>Allowable Percentage of Gross Income</b>	<b>Existing</b>	<b>Bill</b>
0%	\$20,000	\$25,000
2%	\$26,000	\$32,500
5%	\$33,000	\$42,500
6.5%	\$41,500	\$52,500
8%	> \$41,500	> \$52,500

All of the dollar amounts specified under the bill would be increased annually based upon the Consumer Price Index.

## SUMMARY OF IMPACT STATEMENTS

**Fiscal impact.** According to OMB, “[t]he proposed expansion of the HOTC supplement is expected to reduce Montgomery County property tax receipts by \$30 million over the six years. This translates into \$5 million annually on average, although the annual adjustment of all future income, wealth, and assessed value levels by the growth rate in CPI means that the amount is lower in the initial years and higher in the out years.”

**Racial equity and social justice impact.** “The Office of Legislative Oversight (OLO) anticipates Bill 3-25 could have a negative impact on racial equity and social justice (RESJ) in the County. White community members could disproportionately benefit from the expansion of the State’s Homeowners’ Tax Credit (HOTC) supplement given their high homeownership rates and overrepresentation among seniors who are most likely to benefit from the credit. Decreased property tax revenue from this Bill could also diminish public goods and services, which could particularly harm BIPOC community members. OLO offers one policy option for Council consideration....

“Consider policy recommendations directed at lower income seniors in County’s study of older adult housing needs. In the 2018 Report, ‘Meeting the Housing Needs of Older Adults in Montgomery County,’ Montgomery Planning staff found there is a growing need for housing for older adults, including affordable housing for extremely low income and vulnerable seniors. The Council could consider policy recommendations outlined in the report, with a focus on those that address housing needs of lower income seniors who are more likely to be BIPOC. These include: o Creating set asides for older adults in the housing choice voucher program and rental assistance program; o Improving effectiveness of renter property tax exemptions; o Funding emergency assistance to older adults at risk of eviction and/or homelessness; and o Supporting naturally occurring retirement communities in the County, among others.” (footnotes omitted).

**Economic impact.** “The Office of Legislative Oversight (OLO) anticipates that Bill 3-25 would have a positive impact on economic conditions in the County in terms of the Council’s priority economic indicators. By expanding eligibility for the local supplement to the state’s Homeowner’s Property Tax Credit (HOTC), the Bill would reduce property tax liabilities for certain residents who are currently ineligible to receive the credit. Holding all else equal, reduced property tax liabilities would reduce nondiscretionary household expenses, effectively increasing net household income for these recipients. In addition, based on OLO’s review of impact evaluations on the economic impacts of property tax relief, the Bill may reduce mobility among certain new recipients of the credit, which, in some cases, may prevent moves induced by mortgage foreclosure or property tax liens. Finally, because new recipients likely would use a portion of the property tax savings to spend on goods and services produced by County-based businesses, certain businesses’ revenue and income would likely increase.”

**Climate assessment.** “The Office of Legislative Oversight (OLO) anticipates Bill 3-25 will have a minimal impact on the County’s climate resilience as it proposes an expansion to an existing property tax credit for homeowners that could help lower cost-burdened households’ spending on housing and allow these households to have more cash on hand to better withstand extreme weather events.”

## **SUMMARY OF PUBLIC HEARING TESTIMONY**

Mayor Searcy, City of Takoma Park, supported the bill and stated that approximately 100 homeowners in the City currently receive the credit. The Mayor stated that additional homeowners would benefit from the expansion of eligibility under the bill, and that the bill is a step in the right direction.

The following organizations provided public testimony in support of Bill 3-25.

- Purple Line Corridor Coalition: “Passing this legislation is important for the well-being of the communities along the Purple Line.”
- Military Officers Association of America, Montgomery County Chapter: Testified that the legislation would assist veterans of the enlisted community who wish to reside or continue to reside in the County.
- Habitat for Humanity spoke in favor of the bill.

A County resident spoke in support of tax credit relief for homeowners whose property assessments have increased dramatically in recent years.

## **ISSUES FOR THE COMMITTEE’S CONSIDERATION**

The Committee might wish to consider the following issues in connection with Bill 3-25.

### **1. Administration of the HOTC Supplement**

The County’s HOTC Supplement is administered by the State of Maryland as opposed to the County Department of Finance.

Under § 9-215(d) of the Maryland Tax-Property Article:

(1) The [State] Department [of Assessments and Taxation] is responsible for the administrative duties that relate to the application and determination of eligibility for a [local supplement to the HOTC] property tax credit under this section.

(2) The county shall reimburse the Department for the reasonable cost of administering the Tax Credit Program under this section.

### **2. Calculation of the HOTC Supplement – Tax Limits Per Income Level**

The HOTC Supplement is based upon the amount by which a homeowner’s property taxes exceeds a percentage of their income. Under Bill 3-23, the following formula would be used: 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 following chart illustrates the specific tax limit for various income levels.

Combined Household Income	Tax Limit
\$0 through \$25,000	\$0
\$32,500	\$525
\$42,500	\$1,025
\$52,500	\$1,675
\$65,000	\$2,475
Above \$75,000	Credit is not available.

### 3. Inflationary Adjustments

As introduced, Bill 3-25 would require that an annual inflationary adjustment be applied to the limit on assessed value (\$375,000) under subsection (a) of the bill; the combined net worth limit under subsection (b) of the bill; and the progressive income limits under subsection (c) of the bill.

The last time that the Council altered the limits under the County's HOTC supplement was in 2006. [Property Tax Credits Revisions.pdf](#). According to the CPI Inflation Calculator of the U.S. Bureau of Labor Statistics, the Consumer Price Index for All Urban Consumers has increased by approximately 60% since 2006. [CPI Inflation Calculator](#).

**Next Steps:** Recommendation on whether to enact Bill 3-25.<sup>1</sup>

<u>This packet contains:</u>	<u>Circle #</u>
Bill 3-25	1
Fiscal Impact Statement	7
Racial Equity and Social Justice Impact Statement	9
Economic Impact Statement	14
Climate Assessment	20
Written Testimony	23

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<sup>1</sup> The Committee authorizes Council Attorneys to make non-substantive technical corrections necessary to fix any typographical, stylistic, formatting, or grammatical errors in the bill.

Bill No. 3-25  
Concerning: Homeowners' Property Tax  
Credit – County Supplement –  
Amendments  
Revised: 2/11/2025 Draft No. 2  
Introduced: February 11, 2025  
Expires: December 7, 2026  
Enacted: \_\_\_\_\_  
Executive: \_\_\_\_\_  
Effective: \_\_\_\_\_  
Sunset Date: \_\_\_\_\_  
Ch. \_\_\_\_\_, Laws of Mont. Co. \_\_\_\_\_

## COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

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Lead Sponsor: Government Operations and Fiscal Policy Committee  
Co-Sponsors: Councilmembers Glass, Luedtke, Balcombe, Sayles, Fani-González, and Albornoz

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**AN ACT** to:

- (1) alter eligibility requirements to receive the County's supplement to the Homeowners' Tax Credit;
- (2) alter the amounts of the County's supplement to the Homeowners' Tax Credit; and
- (3) generally amend tax credits available to County residents.

By amending

Montgomery County Code  
Chapter 52, Taxation  
Section 52-85

<b>Boldface</b>	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

*The County Council for Montgomery County, Maryland approves the following Act:*

1           **Sec. 1. Section 52-85 is amended as follows:**

2   **52-85. Homeowners property tax credit.**

3           (a) *Definitions.* In this section, the following words have the meanings  
4           indicated.

5           (1) The following words have the meanings defined in Section 9-104  
6           of the Tax- Property Article of the Maryland Code:

7                   (A) combined income;

8                   (B) dwelling;

9                   (C) gross income;

10                  (D) homeowner;

11                  (E) home purchaser; and

12                  (F) legal interest.

13           (2) *Assessed value* means the adjusted value to which the property  
14           tax rate is applied.

15           (3) *Consumer Price Index* means the Consumer Price Index for All  
16           Urban Consumers (CPI-U) for the Washington-Arlington-  
17           Alexandria Core Based Statistical Area (CBSA), as published by  
18           the United States Department of Labor, Bureau of Labor Statistics,  
19           or a successor index.

20           [(3)] (4) *Director* means the Director of the Department of Finance  
21           or the Director's designee.

22           [(4)] (5) *Final tax liability* means the tax liability for any property  
23           tax on the real property of a dwelling less any property tax credit  
24           provided under Section 9-104 and any supplemental property tax  
25           credit provided under this section.

26           [(5)] (6) *Section 9-104* means Section 9-104 of the Tax-Property  
27           Article of the Maryland Code or any successor provision.

28           [(6)] (7)       *Total real property tax* means the product of the sum of all  
29                       property tax rates on real property, including special service area  
30                       rates, but not including State and municipal district rates, for the  
31                       taxable year on a dwelling, multiplied by the lesser of:  
32                       (A)    [\$300,000] \$375,000; or  
33                       (B)    the assessed value of the dwelling reduced by the amount  
34                       of any assessment on which a property tax credit is granted  
35                       under Section 9-105; and reduced by and any “save  
36                       harmless” credit mandated under Section 9-101 of the  
37                       Tax-Property Article of the Maryland Code.

38       (b)   *General.*

39           (1)   The Director must provide to homeowners a County property tax  
40                       credit to supplement the State property tax credit granted under  
41                       Section 9-104.

42           (2)   Except as otherwise expressly stated in this section or an  
43                       executive regulation, all eligibility requirements, statutory  
44                       definitions, restrictions, and application or other procedures  
45                       which apply to the credit granted under Section 9-104 also apply  
46                       to the County supplemental property tax credit.

47           (3)   *Eligibility. A property tax credit under this Section must not be*  
48                       *granted to a homeowner:*

- 49                       (A)    whose combined net worth exceeds \$250,000 as of  
50                               December 31 of the calendar year that precedes the year in  
51                               which the homeowner applies for the property tax credit; or  
52                       (B)    whose combined gross income exceeds \$75,000 in that  
53                               same calendar year.

54       (c)   *Amount.*



(1) The County supplemental property tax credit is the total real property tax on a dwelling, less:

(A) the percentage of the combined gross income of the homeowner calculated under paragraph (2), and

(B) the property tax credit granted under Section 9-104.

(2) The allowable percentage of combined gross income is:

(A) 0[%] percent of the first [\$20,000] \$25,000;

(B) 2[%] percent of the next [\$6,000] \$7,500;

(C) 5[%] percent of the next [\$7,000] \$10,000;

(D) 6.5[%] percent of the next [\$8,500] \$10,000; and

(E) 8[%] percent of any combined gross income over [\$41,500] \$52,500.

(3) The property tax credit for home purchasers is the amount of the credit as calculated under paragraph (1) multiplied by a fraction where the numerator of the fraction is the number of days in the taxable year that the home purchaser actually occupies or expects to actually occupy a dwelling in which the home purchaser has a legal interest, and the denominator is 365 days.

(d) Adjustments to amounts.

(1) Adjustments by Council resolution. The Council annually, by resolution adopted not later than June 1, may vary either or both:

[(1)] (A) the specific dollar amount referred to in subsection [(a)(6)] (a)(7); or

[(2)] (B) the allowable percentage of combined gross income under subsection (c)(2).

(2) Consumer price index adjustments.

81                   (A)   Effective July 1, 2026 and July 1 of each subsequent year,  
82                               the Chief Administrative Officer must adjust each specific  
83                               dollar amount under subsections (a)(7), (b)(3), and (c)(2).

84                   (B)   The Chief Administrative Officer must calculate each  
85                               adjusted amount to the nearest multiple of \$10.

86                   (C)   The adjusted amount must be equal to the current amount  
87                               multiplied by the outcome of the most recent published  
88                               Consumer Price Index at the time of the adjustment divided  
89                               by the annual value of the Consumer Price Index from the  
90                               year prior to the current year.

91                   (D)   The Chief Administrative Officer must, by March 1 of the  
92                               year preceding an adjustment, publish the adjusted  
93                               amounts:

94                               (i)   in the County Register; and

95                               (ii)   on the County website.

96           (e)   *Administration.* Administrative duties are performed by the Director,  
97                               and by the State Department of Assessments and Taxation as provided  
98                               in Section 9-104 and Section 9- 215 of the Tax-Property Article of the  
99                               Maryland Code. If a credit is granted under this section, a revised tax  
100                              bill or a tax voucher may be used to adjust the final tax liability.

101           (f)   *Regulations.* The County Executive may adopt regulations under  
102                              Method (2) to administer this section.

103           (g)   *Penalties for false and fraudulent information.* A person who  
104                              knowingly submits a false or fraudulent application, or withholds  
105                              information, to obtain a tax credit under this section has committed a  
106                              Class A violation. In addition, the person must repay the County for all  
107                              amounts credited and all accrued interest and penalties that would apply

108 to those amounts as overdue taxes. The County may enforce this  
109 subsection by appropriate legal action. A person who violates this  
110 subsection is liable for all court costs and expenses of the County in any  
111 civil action brought by the County against the violator.

- 112 (h) *Annual report.* The Executive must submit an annual report to the  
113 County Council by March 15 of each year describing program  
114 participation in the current tax year by income of taxpayers, number  
115 and dollar value of tax credits granted under this section, administrative  
116 costs, and other relevant information. This report may be contained in  
117 the Executive's recommended operating budget for the next fiscal year.

# Fiscal Impact Statement

Office of Management and Budget

## Bill 3-25

## Homeowners' Property Tax Credit - County Supplement - Amendments

### Bill Summary

Bill 3-25 would expand Montgomery County's supplement to the State of Maryland Homeowners Property Tax Credit (HOTC) by increasing the combined income and wealth eligibility limits, increase the real property assessed value upon which the credit would apply, and increasing the income levels that determine the amount of credit each recipient may receive.

### Fiscal Impact Summary

The HOTC supplement is issued by Montgomery County as a credit against real property taxes, but eligibility is determined by, and the amount of credit is calculated by, the State Department of Assessment and Taxation (SDAT). Additionally, Bill 3-25 requires that the income, wealth and assessed value levels increase annually based upon the change in the consumer price index (CPI). The proposed expansion of the HOTC supplement is expected to reduce Montgomery County property tax receipts by \$30 million over the six years. This translates into \$5 million annually on average, although the annual adjustment of all future income, wealth, and assessed value levels by the growth rate in CPI means that the amount is lower in the initial years and higher in the out years.

Fiscal Year	2026	2027	2028	2029	2030	2031	Total
Personnel Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Expenses	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$600,000
Total Expenditures	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$600,000
Revenues	(\$4,600,000)	(\$4,700,000)	(\$4,900,000)	(\$5,000,000)	(\$5,200,000)	(\$5,300,000)	(\$29,700,000)
Total Impact	(\$4,700,000)	(\$4,800,000)	(\$5,000,000)	(\$5,100,000)	(\$5,300,000)	(\$5,400,000)	(\$30,300,000)
FTE	0.00	0.00	0.00	0.00	0.00	0.00	

Because Montgomery County does not have access to the SDAT information on the eligibility levels of recipients and because there are no accessible data sets that combine income and household wealth, the Department of Finance made assumptions about the distribution of income, wealth, and home value to generate the cost estimate in this FIS. Finance assumes the distribution of income and wealth are linear at the new levels set in Bill 3-25, and that most homes are assessed at greater than \$375,000 resulting in most recipients enjoying the full increase in the tax credit value due to the increased assessment limits.

### Fiscal Impact Analysis

The result is at the high side, an estimate of the expansion in the level of the homeowners' supplemental tax credit of around 25 percent due to the increased income level, 25 percent for the increased wealth levels, and 25 percent for the increased assessment value, results in a near doubling of the program ( $1.25 \times 1.25 \times 1.25$ ). Slightly lower levels of increase (i.e. 1.2 percent) due to each factor would mean an expansion of 75 percent.

The average level of supplemental HOTC credit given since 2013 has been \$4.6



million annually. The result is an expected increase of \$4.6 million in the first year (+100 percent). Further, the Department of Finance inflates the annual estimated increase by 3 percent to account for the required annual CPI increase for the income, wealth, and assessed value limits. Lastly, the analysis incorporates an assumption that Montgomery County will need to reimburse SDAT by \$100,000 annually to account for the effort the SDAT will undertake to evaluate applicants against Montgomery County's supplemental HOTC credit eligibility limits as they now differ from the limits of the State's program.

<b>Staff Impact</b>	The Department of Finance anticipates that the Treasury Division's current staff would be able to absorb the additional workload to implement this bill. This presumes that SDAT will agree to evaluate applicants for eligibility against the differing Montgomery County supplemental HOTC requirements for a fee.
<b>Actuarial Analysis</b>	The bill is not expected to impact retiree pension or group insurance costs.
<b>Information Technology Impact</b>	The bill is not expected to impact the County Information Technology (IT) or Enterprise Resource Planning (ERP) systems.
<b>Other Information</b>	
<i>Later actions that may impact revenue or expenditures if future spending is projected</i>	If the eligibility changes or if the bill is altered at all, this may require new and potentially additional analysis.
<i>Ranges of revenue or expenditures that are uncertain or difficult to project</i>	The number of eligible participants in future years may be higher or lower than the analysis. The amount of credit issued to those participants in future years may be higher or lower than the analysis. The amount that SDAT charges Montgomery County to evaluate applicants against the differing eligibility standards may be higher or lower than assumed.
<b>Contributors</b>	Nancy Feldman, Department of Finance Todd-Fawley King, Department of Finance Dennis Hetman, Department of Finance Abdul Rauf, Office of Management and Budget



# Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

## BILL 3-25: HOMEOWNERS' TAX CREDIT – COUNTY SUPPLEMENT – AMENDMENTS

### SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 3-25 could have a negative impact on racial equity and social justice (RESJ) in the County. White community members could disproportionately benefit from the expansion of the State's Homeowners' Tax Credit (HOTC) supplement given their high homeownership rates and overrepresentation among seniors who are most likely to benefit from the credit. Decreased property tax revenue from this Bill could also diminish public goods and services, which could particularly harm BIPOC community members. OLO offers one policy option for Council consideration.

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### PURPOSE OF RESJ IMPACT STATEMENTS

RESJ impact statements (RESJIS) evaluate the anticipated impact of legislation on racial equity and social justice in the County. RESJ is a **process** that focuses on centering the needs, leadership, and power of Black, Indigenous, and other people of color (BIPOC) and communities with low incomes. RESJ is also a **goal** of eliminating racial and social inequities. Applying a RESJ lens is important to achieve RESJ.<sup>1</sup> This involves seeing, thinking, and working differently to address the racial and social inequities that cause racial and social disparities.<sup>2</sup>

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### PURPOSE OF BILL 3-25

The County levies a real estate property tax on residential property owners. A property tax credit directly reduces the amount of tax owed by eligible homeowners. Taxpayers determine their final tax liability by subtracting applicable credits from their total tax obligation.<sup>3</sup> Policymakers use property tax credits to provide financial relief to homeowners and incentivize certain behaviors. However, these credits also reduce overall tax revenue available for other public goods (i.e., commodities and services that benefit all members of the public).

The County offers various property tax credits for homeowners, including a local supplement to the HOTC.<sup>4</sup> The state's HOTC is available to applicants with a total income under \$60,000 and a net worth below \$200,000.<sup>5</sup> The credit applies to the first \$300,000 of assessed value and is structured progressively by providing larger credits to lower income households.<sup>6</sup> For the County supplement, state law ([Tax-Property § 9-215](#)) allows the County to adjust the income and net worth criteria, the amount of the County supplement, the portion of assessed value eligible for the credit, and the credit calculation based on a sliding scale tied to the homeowner's income level.<sup>7</sup>

Bill 3-25 aims to expand eligibility for the County's supplement to the HOTC.<sup>8</sup> If enacted, Bill 3-25 would:<sup>9</sup>

- Raise the combined income eligibility level from \$60,000 to \$75,000;
- Increase the net worth criteria from \$200,000 to \$250,000; and
- Expand the assessed value from \$300,000 to \$375,000.

Additionally, the Bill would maintain the progressive structure of the property tax credit, while increasing the credit amounts for each gross income threshold. All dollar amounts specified in the Bill would be adjusted annually by the

# RESJ Impact Statement

## Bill 3-25

Consumer Price Index for All Urban Consumers (CPI-U) for the Washington-Arlington-Alexandria Core Based Statistical Area.<sup>10</sup>

The Council introduced Bill 3-25, Homeowners' Tax Credit – County Supplement – Amendments, on February 11, 2025.

In June 2022, OLO published a RESJIS for Expedited Bill 9-22, Property Tax Credit – Elderly Individuals and Retired Military Services Members – Amendments.<sup>11</sup> Please refer to this RESJIS for background on homeownership, seniors and racial equity.

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### ANTICIPATED RESJ IMPACTS

**Current HOTC supplement.** To understand the RESJ impact of Bill 3-25, it is helpful to understand the primary beneficiaries of the County's current HOTC supplement. A lead sponsor of Bill 3-25 noted the HOTC "increases stability for [] residents, especially seniors on fixed incomes."<sup>12</sup> Seniors in the County particularly benefit from the HOTC supplement. Firstly, older adults in the County are more likely to be homeowners. While 65 percent of households in the County are owner-occupied, nearly 80 percent of households 65 and older are owner-occupied.<sup>13</sup> Older adults are also more likely to have lower incomes. While the median income of homeowners in the County is \$168,323,<sup>14</sup> the median income of community members 65 and older is \$57,108.<sup>15</sup> Therefore, senior homeowners are more likely than most homeowners to qualify for the HOTC supplement.

Black and Latinx community members are generally less likely to be homeowners. Forty-four percent of Black and 49 percent of Latinx households are owner-occupied. Conversely, 75 percent of Asian and 74 percent of White households are owner-occupied.<sup>16</sup> As shown in Table A (Appendix), Black and Latinx community members are also underrepresented among people 65 and older. Meanwhile, White community members are overrepresented among people 65 and older, while Asian, Native American, and Pacific Islander community members are proportionately represented. Therefore, White community members are likely overrepresented among the beneficiaries of the HOTC supplement.

Of note, to the extent that Black and Latinx seniors are homeowners, they are more likely to have incomes that qualify for the HOTC supplement. As shown in Table B (Appendix), the combined average social security and retirement incomes for Black and Latinx community members are each below \$60,000. Meanwhile, the combined average income from these sources for Asian community members is slightly above \$60,000, while the combined average income for White community members is more than \$30,000 above this threshold.

**HOTC supplement with Bill 3-25.** To consider the anticipated impact of Bill 3-25 on RESJ in the County, OLO recommends the consideration of two related questions:

- Who would primarily benefit or be burdened by this bill?
- What racial and social inequities could passage of this bill weaken or strengthen?

Several stakeholders could benefit from changes to the HOTC supplement proposed in Bill 3-25:

- **Community members who newly qualify for the HOTC supplement** will benefit from being able to access the property tax credit. Given the population of homeowners and seniors in the County, expanding the property tax credit to community members with higher levels of income and wealth will likely disproportionately benefit White community members.

# RESJ Impact Statement

## Bill 3-25

- **Community members currently receiving the HOTC supplement** will benefit from an increase to their property tax credit. BIPOC community members who are receiving the HOTC supplement could particularly benefit from an increased property tax credit because they have lower incomes. However, White community members are likely overrepresented among the current beneficiaries of the HOTC supplement. Therefore, in aggregate, White community members will likely receive the largest monetary benefit from the increase to the property tax credit.

Conversely, **County constituents at large** would be burdened by the decreased revenue resulting from the property tax credit. Property taxes are the largest source of tax revenue for the County government.<sup>17</sup> The forgone revenue would undermine the County's ability to provide public goods and services. The resource limitations could particularly harm BIPOC community members, especially as they continue to become a larger part of the population.

**Conclusion.** OLO anticipates Bill 3-25 could have a negative impact on RESJ in the County. White community members could disproportionately benefit from the expansion of the HOTC supplement given their high homeownership rates and overrepresentation among seniors who are most likely to benefit from the credit. Decreased property tax revenue from this Bill could also diminish public goods and services, which could particularly harm BIPOC community members.

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## RECOMMENDED AMENDMENTS

The Racial Equity and Social Justice Act requires OLO to consider whether recommended amendments to bills aimed at narrowing racial and social inequities are warranted in developing RESJ impact statements.<sup>18</sup> OLO anticipates Bill 3-25 will have a negative impact on RESJ in the County. Should the Council seek to improve the RESJ impact of this Bill, OLO offers one policy option for Council consideration:

- **Consider policy recommendations directed at lower income seniors in County's study of older adult housing needs.** In the 2018 Report, "Meeting the Housing Needs of Older Adults in Montgomery County," Montgomery Planning staff found there is a growing need for housing for older adults, including affordable housing for extremely low income and vulnerable seniors.<sup>19</sup> The Council could consider policy recommendations outlined in the report, with a focus on those that address housing needs of lower income seniors who are more likely to be BIPOC. These include:
  - Creating set asides for older adults in the housing choice voucher program and rental assistance program;
  - Improving effectiveness of renter property tax exemptions;
  - Funding emergency assistance to older adults at risk of eviction and/or homelessness; and
  - Supporting naturally occurring retirement communities in the County, among others.

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## CAVEATS

Two caveats to this racial equity and social justice impact statement should be noted. First, predicting the impact of legislation on racial equity and social justice is a challenging analytical endeavor due to data limitations, uncertainty, and other factors. Second, this RESJ impact statement is intended to inform the legislative process rather than determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.



# RESJ Impact Statement

## Bill 3-25

### CONTRIBUTIONS

OLO staffer Janmarie Peña, Performance Management and Data Analyst, drafted this RESJ impact statement.

### APPENDIX

**Table A: Community Members 65 and Older by Race and Ethnicity, Montgomery County**

Race and ethnicity	Community Members 65 and Older	County Population
Asian	15.9	15.2
Black	13.4	18.6
Native American	0.4	0.5
Pacific Islander	0.1	0.0
White	60.2	44.4
Latinx	9.9	20.6

Source: [Table S0103](#), 2023 American Community Survey 5-Year Estimates, Census Bureau.

**Table B: Average Annual Social Security and Retirement Income by Race and Ethnicity, Montgomery County**

Race and ethnicity <sup>20</sup>	Average Social Security Income	Average Retirement Income	Estimated Total Income
Asian	\$24,066	\$41,837	\$65,903
Black	\$20,028	\$36,434	\$56,462
White	\$30,589	\$65,229	\$95,818
Latinx	\$22,501	\$36,726	\$59,227
County	\$27,180	\$54,634	\$81,814

Source: [Table S0201](#), 2023 American Community Survey 1-Year Estimates, Census Bureau.

<sup>1</sup> Definition of racial equity and social justice adopted from Marlysa Gamblin et al., "[Applying Racial Equity to U.S. Federal Nutrition Programs](#)," Bread for the World and [Racial Equity Tools](#).

<sup>2</sup> Ibid.

<sup>3</sup> "[Policy Basics: Tax Exemptions, Deductions, and Credits](#)," Center on Budget and Policy Priorities, November 24, 2020.

<sup>4</sup> For a list of property tax credit programs, refer to "[Tax Expenditure Report: Property Tax Credits, Tax Deferral, and Tax Exemptions \(FY24\)](#)," Department of Finance, October 2024.

<sup>5</sup> [Introduction Staff Report for Bill 3-25](#), Montgomery County Council, Introduced February 11, 2025.

<sup>6</sup> "[Committee Introduces Bill to Increase Eligibility for Homeowners Property Tax Credit](#)," Montgomery County Council, February 11, 2025.

<sup>7</sup> Introduction Staff Report for Bill 3-25.

<sup>8</sup> "Committee Introduces Bill to Increase Eligibility for Homeowners Property Tax Credit."

<sup>9</sup> Introduction Staff Report for Bill 3-25.

<sup>10</sup> Ibid.

<sup>11</sup> [REJSIS for Expedited Bill 9-22](#), Office of Legislative Oversight, June 17, 2022.

<sup>12</sup> "Committee Introduces Bill to Increase Eligibility for Homeowners Property Tax Credit."

<sup>13</sup> [Table S0103: Population 65 Years and Over in the United States](#), 2023 American Community Survey 5-Year Estimates, Census Bureau.

# RESJ Impact Statement

## Bill 3-25

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<sup>14</sup> [Table S2503: Financial Characteristics](#), 2023 American Community Survey 5-Year Estimates, Census Bureau.

<sup>15</sup> [Table S1903: Median Income in the Past 12 Months](#), 2023 American Community Survey 5-Year Estimates, Census Bureau.

<sup>16</sup> [Table S0201: Selected Population Profile in the United States](#), 2023 American Community Survey 1-Year Estimates, Census Bureau.

<sup>17</sup> [FY25 Approved Taxes](#), Revenues, Montgomery County Operating Budget.

<sup>18</sup> Bill 27-19, Administration – Human Rights – Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee – Established, Montgomery County Council

<sup>19</sup> [“Meeting the Housing Needs of Older Adults in Montgomery County,”](#) Montgomery County Planning Department, May 2018.

<sup>20</sup> Estimates for Native American and Pacific Islander community members are not available for all data points in this RESJIS.

# Economic Impact Statement

Montgomery County, Maryland

## Bill 3-25

## Homeowners' Property Tax Credit – County Supplement – Amendments

### SUMMARY

The Office of Legislative Oversight (OLO) anticipates that Bill 3-25 would have a positive impact on economic conditions in the County in terms of the Council's priority economic indicators. By expanding eligibility for the local supplement to the state's Homeowner's Property Tax Credit (HOTC), the Bill would reduce property tax liabilities for certain residents who are currently ineligible to receive the credit. Holding all else equal, reduced property tax liabilities would reduce nondiscretionary household expenses, effectively increasing net household income for these recipients. In addition, based on OLO's review of impact evaluations on the economic impacts of property tax relief, the Bill may reduce mobility among certain new recipients of the credit, which, in some cases, may prevent moves induced by mortgage foreclosure or property tax liens. Finally, because new recipients likely would use a portion of the property tax savings to spend on goods and services produced by County-based businesses, certain businesses' revenue and income would likely increase.

### BACKGROUND AND PURPOSE OF BILL 3-25

The County levies a real estate property tax on residential property owners. A **property tax credit** directly reduces the amount of tax owed by eligible homeowners. Taxpayers determine their final tax liability by subtracting applicable credits from their total tax obligation.<sup>1</sup> Policymakers use property tax credits to provide financial relief to homeowners and incentivize certain behaviors. However, these credits also reduce overall tax revenue available for other public goods (i.e., commodities and services that benefit all members of the public).

The County offers various property tax credits for homeowners, including a local supplement to the state's HOTC.<sup>2</sup> The state's HOTC is available to applicants with a total income under \$60,000 and a net worth below \$200,000.<sup>3</sup> The credit applies to the first \$300,000 of assessed value and is structured progressively by providing larger credits on their property taxes to lower income households.<sup>4</sup> Under state law ([Tax-Property § 9-215](#)), the County may adjust the income and net worth criteria, the amount of the County supplement, the portion of assessed value eligible for the credit, and the credit calculation based on a sliding scale tied to the homeowner's income level.<sup>5</sup>

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<sup>1</sup> Center on Budget and Policy Priorities, "[Policy Basics: Tax Exemptions, Deductions, and Credits](#)," November 24, 2020.

<sup>2</sup> For a list of property tax credit programs, see Department of Finance, "[Tax Expenditure Report: Property Tax Credits, Tax Deferral, and Tax Exemptions \(FY24\)](#)" (Department of Finance, Montgomery County Government, October 2024).

<sup>3</sup> Christine Wellons, [Memorandum to County Council on Bill 3-25](#), February 6, 2025, in *Introductory Staff Report for Bill 3-25 - Homeowners' Tax Credit - County Supplement - Amendments*.

<sup>4</sup> Montgomery County Council, "[Committee Introduces Bill to Increase Eligibility for Homeowners Property Tax Credit](#)," news release, February 11, 2025.

<sup>5</sup> Wellons, *Memorandum on Bill 3-25*.

Bill 3-25 aims to expand eligibility for the County's supplement to the HOTC by:<sup>6</sup>

- Raising the combined income eligibility level from \$60,000 to \$75,000;
- Increasing the net worth criteria from \$200,000 to \$250,000; and
- Expanding the assessed value from \$300,000 to \$375,000.

Additionally, the Bill would maintain the progressive structure of the property tax credit, while increasing the amounts for each gross income threshold. All dollar amounts specified in the Bill would be adjusted annually by the Consumer Price Index for All Urban Consumers (CPI-U) for the Washington-Arlington-Alexandria Core Based Statistical Area.<sup>7</sup>

The Council introduced Bill 3-25 on February 11, 2025.

## INFORMATION SOURCES, METHODOLOGIES, AND ASSUMPTIONS

As required by 2-81B of the Montgomery County Code, this Economic Impact Statement evaluates the impacts of Bill 3-25 on residents and private organizations in relation to Council's priority economic indicators. In doing so, it examines whether the Bill would have a net positive or negative impact on overall economic conditions in the County.<sup>8</sup>

**Methodology and Information Sources:** To assess the Bill's economic impacts, this analysis draws on Economic Impact Statements from previous legislation on property tax credits and *impact evaluations* to identify empirically well-established effects of such credits on economic outcomes. Impact evaluations are a key tool of evidence-based policymaking that are designed to assess the cause-and-effect relationships between a policy or program and specific economic outcomes.<sup>9,10</sup>

This analysis focuses on the following peer-reviewed articles:

- Hanson, Andrew (2021), "[Taxes and Economic Development: An Update on the State of the Economics Literature](#)," *Economic Development Quarterly*
- Kim, Jinyhup, and Casey Dawkins (2021), "[Aging, Property Taxes, and Housing Adjustments: Lessons From the Health and Retirement Study](#)," *Housing Policy Debate*
- Mouiton, Waller, and Wentland (2018), "[Who Benefits from Targeted Property Tax Relief?](#)" *Journal of Policy Analysis and Management*
- Spreen and Keddington (2023), "[Temporary Property Tax Relief and Residential Home Sales](#)," *National Tax Journal*

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<sup>6</sup> Montgomery County Council, "Committee Introduces Bill to Increase Eligibility for Homeowners Property Tax Credit,"

<sup>7</sup> Montgomery County Council, [Introductory Staff Report for Bill 3-25 - Homeowners' Tax Credit - County Supplement - Amendments](#), February 11, 2025.

<sup>8</sup> "Sec. 2-81B, [Economic Impact Statements](#)," Montgomery County Code.

<sup>9</sup> Paul J. Gertler et al., [Impact Evaluation in Practice, Second Edition](#) (Washington, DC: Inter-American Development Bank and World Bank, 2016).

<sup>10</sup> Priority is given to studies that use quasi-experimental methods over non-experimental studies because the former are better able to identify the causal effects of a policy intervention from outcomes correlated with, but unrelated to, the intervention due to unmeasured confounding and other threats to causal inference.

In later sections of this analysis, OLO reviews these studies to draw evidence-based conclusions about the impacts of property tax credits on specific outcomes. These conclusions, along with findings from other sources cited in this report, are the primary basis on which OLO infers the economic impacts that the Bill would have on businesses, residents, and overall economic conditions in the County.

**Scope of Analysis:** The economic impacts of the Bill would primarily depend on its effects on the total number of residents eligible to receive the property tax credit and the total amount of credits disbursed on an annual basis. Since the County would use tax revenue to fund these credits, the transfer from the County to recipients would not generate a net increase in economic activity. Therefore, the Bill's overall economic impact hinges on two key factors:

1. The annual economic effects on County residents and businesses resulting from reduced property tax liabilities for recipients.
2. The annual economic opportunity cost of the forgone County revenues.

Because OLO cannot determine how the County would otherwise allocate the forgone tax revenue if the Bill were not enacted, this analysis does not consider the economic impacts of alternative government spending. Instead, the scope is limited to assessing the economic effects of reduced property tax liabilities for residents who would not receive the credit under current law.

## VARIABLES

The primary variables that would affect the economic impacts of enacting Bill 3-25 are the following:

- total number of property tax credit recipients
- total property tax savings for recipients
- residential property values
- residential mobility

## IMPACTS

WORKFORCE ▪ TAXATION POLICY ▪ PROPERTY VALUES ▪ INCOMES ▪ OPERATING COSTS ▪ PRIVATE SECTOR CAPITAL INVESTMENT ▪ ECONOMIC DEVELOPMENT ▪ COMPETITIVENESS

### Impact Evaluations

Rising home values increase property wealth but also lead to higher property tax liabilities for homeowners. Higher property taxes can be especially burdensome for homeowners who have low incomes, depend on retirement or disability payments, or face other financial constraints. In response to rising property tax burdens, some homeowners may downsize, to a smaller home, shifting to renting within their current jurisdiction, or relocate to areas with lower taxes.<sup>11</sup> To mitigate these financial pressures, many state and local governments

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<sup>11</sup> Thomas Luke Spreen and Colton Keddington, "[Temporary Property Tax Relief and Residential Home Sales](#)," *National Tax Journal* 76, no. 3 (September 2023): 593–620; Jinyuh Kim and Casey Dawkins, "[Aging, Property Taxes, and](#)

have implemented targeted property tax relief programs designed to assist low-income households, seniors, individuals with disabilities, and veterans.

There is a substantial body of research on the economic impacts of property tax exemptions, with much of the existing literature focusing on programs designed for seniors. These programs are typically permanent and portable across properties within a given state or locality. Studies consistently find that such programs have two primary effects:<sup>12</sup>

**(1) Reduce senior homeowner mobility:** Property tax relief programs have been found to decrease mobility among senior homeowners. This effect is significant because it suggests that such programs may help prevent home sales driven by financial distress, such as tax lien sales or mortgage foreclosures.

Spreen and Keddington (2023) examined whether the effects observed in permanent senior property tax relief programs also apply to the temporary programs implemented in Maryland counties, including Montgomery County, beginning in 2017. Their findings indicate that “the balance of the empirical results suggest that temporary [senior] property tax relief did not significantly affect the home sales decisions of eligible homeowners during the benefit period.”<sup>13</sup>

**(2) Increase property values:** Property tax relief programs have also been shown to increase property values, a phenomenon linked to property tax capitalization. This occurs when tax relief increases demand for homeownership among the beneficiaries, leading to higher home prices. This outcome disproportionately benefits current homeowners at the time of the policy change, regardless of whether they belong to the targeted group.<sup>14</sup> In contrast, “the corresponding homeownership cost hikes may potentially offset some or all of the tax relief benefit among future homeowners in the targeted groups, who subsequently purchase homes at higher prices.”<sup>15</sup>

Moulton et al. (2019) examined Virginia’s property tax relief program for disabled veterans and found that “areas with high proportions of veterans experienced an 8.1 percent increase in property prices, while areas with relatively fewer veterans report no statistically significant effect.” This suggests that the extent to which property tax relief affects home values may depend on the share of eligible homeowners within a given housing market.

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[Housing Adjustments: Lessons From the Health and Retirement Study](#),” *Housing Policy Debate* 31, no. 6 (November 2, 2021): 947–66.

<sup>12</sup> Spreen and Keddington, “Temporary Property Tax Relief and Residential Home Sales”; Andrew Hanson, “[Taxes and Economic Development: An Update on the State of the Economics Literature](#),” *Economic Development Quarterly* 35, no. 3 (August 1, 2021): 232–53; Kim and Dawkins, “Aging, Property Taxes, and Housing Adjustments.”

<sup>13</sup> Spreen and Keddington, “Temporary Property Tax Relief and Residential Home Sales.”

<sup>14</sup> Jeremy G. Moulton, Bennie D. Waller, and Scott A. Wentland, “[Who Benefits from Targeted Property Tax Relief? Evidence from Virginia Elections](#),” *Journal of Policy Analysis and Management* 37, no. 2 (April 1, 2018): 240–64.

<sup>15</sup> Ibid.

## Residents

OLO anticipates that Bill 3-25 would have a positive impact on certain residents in the County in terms of the Council's priority economic indicators.

The Bill would primarily impact homeowners who would not receive the credit under current law by reducing property tax liabilities. As shown in Table 1, recent data from Department of Finance shows that the average credit per recipient ranged from \$1,024 in 2019 to \$1,276 in 2023. Holding all else equal, lower property tax liabilities would decrease nondiscretionary household expenses, effectively increasing net household income for these recipients.

**Table 1. County's supplement to the HOTC<sup>16</sup>**

Levy Year	Recipients	Credit Amount	Average Amount
2023	4,486	\$5,725,147	\$1,276
2022	4,002	\$4,857,854	\$1,214
2021	3,842	\$4,536,883	\$1,181
2020	4,079	\$4,758,884	\$1,167
2019	4,424	\$4,529,412	\$1,024

Based on impact evaluations on the effect of permanent senior property tax relief on residential mobility, the Bill may reduce mobility for new recipients of the tax credit. In some cases, it could prevent moves induced by mortgage foreclosure or property tax liens, reducing the financial costs associated with unwanted relocations.

The Bill's potential impact on property values in local housing markets within the County is uncertain. As discussed earlier, research suggests that property tax relief programs can increase home prices, but this effect may depend on the share of homeowners eligible for the credit in each local market.

OLO does not have estimates on the number of residents who would meet the new eligibility requirements for the credit and, therefore, cannot assess the concentration of new recipients in local housing markets in the County. But if the concentration is too low to influence property values, future recipients would benefit from reduced tax liabilities without facing offsetting increases in home prices.

Beyond these potential impacts, OLO does not expect the Bill to affect residents in terms of the Council's other priority indicators.

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<sup>16</sup> Department of Finance, "Tax Expenditure Report (FY24)."



## Businesses, Non-Profits, Other Private Organizations

OLO anticipates that enacting Bill 3-25 would have positive impacts on certain private organizations in the County in terms of the Council's priority economic indicators.

By decreasing nondiscretionary household expenses, the Bill may lead to some residents allocating a portion of their property tax savings toward goods and services provided by County-based businesses. Holding all else equal, this increased spending would generate higher revenue and income for these businesses.

However, by reducing homeowner mobility, the Bill could have a negative impact on certain residential real estate firms if it leads to a reduction in home sales.

Beyond these potential impacts, OLO does not expect the Bill to affect private organizations in terms of the Council's other priority indicators.

## Net Impact

OLO anticipates that Bill 3-25 would have a positive impact on economic conditions in the County in terms of the Council's priority economic indicators. By expanding eligibility for the local supplement to the state's HOTC, the Bill would reduce property tax liabilities for certain residents who are currently ineligible to receive the credit. Holding all else equal, reduced property tax liabilities would reduce nondiscretionary household expenses, effectively increasing net household income for these recipients. In addition, based on OLO's review of impact evaluations on the economic impacts of property tax relief, the Bill may reduce mobility among certain new recipients of the credit, which, in some cases, may prevent moves induced by mortgage foreclosure or property tax liens. Finally, because new recipients likely would use a portion of the property tax savings to spend on goods and services produced by County-based businesses, certain businesses' revenue and income would likely increase.

## DISCUSSION ITEMS

Not applicable

## CAVEATS

Two caveats to the economic analysis performed here should be noted. First, predicting the economic impacts of legislation is a challenging analytical endeavor due to data limitations, the multitude of causes of economic outcomes, economic shocks, uncertainty, and other factors. Second, the analysis performed here is intended to *inform* the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the Bill under consideration.

## AUTHOR

Stephen Roblin (OLO) prepared this report.



# Climate Assessment

## Office of Legislative Oversight

### Bill 3-25: Homeowners' Property Tax Credit – County Supplement – Amendments

#### SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 3-25 will have a minimal impact on the County's climate resilience as it proposes an expansion to an existing property tax credit for homeowners that could help lower cost-burdened households' spending on housing and allow these households to have more cash on hand to better withstand extreme weather events.

#### BACKGROUND AND PURPOSE OF BILL 3-25

The County levies a real estate property tax on residential property owners. A property tax credit directly reduces the amount of tax owed by eligible homeowners. Taxpayers determine their final tax liability by subtracting applicable credits from their total tax obligation.<sup>1</sup> Policymakers use property tax credits to provide financial relief to homeowners and incentivize certain behaviors. However, these credits also reduce overall tax revenue available for other public goods (i.e., commodities and services that benefit all members of the public).

The County offers various property tax credits for homeowners, including a local supplement to the State's Homeowner's Property Tax Credit (HOTC).<sup>2</sup> The State's HOTC is available to applicants with a total income under \$60,000 and a net worth below \$200,000.<sup>3</sup> The credit applies to the first \$300,000 of assessed value and is structured progressively by providing larger credits on their property taxes to lower income households.<sup>4</sup> Under state law ([Tax-Property § 9-215](#)), the County may adjust the income and net worth criteria, the amount of the County supplement, the portion of assessed value eligible for the credit, and the credit calculation based on a sliding scale tied to the homeowner's income level.<sup>5</sup>

Bill 3-25 aims to expand eligibility for the County's supplement to the HOTC by:<sup>6</sup>

- Raising the combined income eligibility level from \$60,000 to \$75,000;
- Increasing the net worth criteria from \$200,000 to \$250,000; and
- Expanding the assessed value from \$300,000 to \$375,000.

Additionally, the Bill would maintain the progressive structure of the property tax credit, while increasing the amounts for each gross income threshold. All dollar amounts specified in the Bill would be adjusted annually by the Consumer Price Index for All Urban Consumers (CPI-U) for the Washington-Arlington-Alexandria Core Based Statistical Area.<sup>7</sup>

The Council introduced Bill 3-25 on February 11, 2025.

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## ANTICIPATED IMPACTS

Alleviating cost-burdened households may improve community resilience.<sup>8</sup> Cost-burdened households, which are those that spend over 30% of their income on housing, generally have less cash on hand to weather shocks, such as extreme weather events, compared to households that are not cost-burdened.<sup>9</sup> By expanding the eligibility for the Homeowner's Property Tax Credit, more households who may be cost-burdened can qualify and could lower the amount of their income they spend on housing. However, OLO cannot determine the amount of households in the County who would both qualify for the property tax credit and if the tax credit would decrease their housing payments below 30% of their income.

As the Bill proposes changes that would expand an existing property tax credit for homeowners, OLO anticipates Bill 3-25 will have a minimal impact on the County's community climate resilience.

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## RECOMMENDED AMENDMENTS

The Climate Assessment Act requires OLO to offer recommendations, such as amendments or other measures to mitigate any anticipated negative climate impacts.<sup>10</sup> OLO does not offer recommendations or amendments as Bill 3-25 is likely to have no impact on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions, community resilience, and adaptative capacity.

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## CAVEATS

OLO notes two caveats to this climate assessment. First, predicting the impacts of legislation upon climate change is a challenging analytical endeavor due to data limitations, uncertainty, and the broad, global nature of climate change. Second, the analysis performed here is intended to inform the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

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## PURPOSE OF CLIMATE ASSESSMENTS

The purpose of the Climate Assessments is to evaluate the anticipated impact of legislation on the County's contribution to addressing climate change. These climate assessments will provide the Council with a more thorough understanding of the potential climate impacts and implications of proposed legislation, at the County level. The scope of the Climate Assessments is limited to the County's contribution to addressing climate change, specifically upon the County's contribution to greenhouse gas emissions and how actions suggested by legislation could help improve the County's adaptative capacity to climate change, and therefore, increase community resilience.

While co-benefits such as health and cost savings may be discussed, the focus is on how proposed County bills may impact GHG emissions and community resilience.

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## CONTRIBUTIONS

OLO staffer Kaitlyn Simmons drafted this assessment.

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<sup>1</sup> ["Policy Basics: Tax Exemptions, Deductions, and Credits"](#), Center on Budget and Policy Priorities, November 24, 2020.

<sup>2</sup> For a list of property tax credit programs, see Department of Finance [Tax Expenditure Reports](#)

<sup>3</sup> Christine Wellons, *Memorandum to County Council on Bill 3-25*, February 6, 2025, in *Introductory Staff Report for Bill 3-25 - Homeowners' Tax Credit - County Supplement - Amendments*, <https://apps.montgomerycountymd.gov/ccllms/BillDetailsPage?RecordId=2856&fullTextSearch=3-25>.

<sup>4</sup> Montgomery County Council, "Committee Introduces Bill to Increase Eligibility for Homeowners Property Tax Credit," news release, February 11, 2025, [https://www2.montgomerycountymd.gov/mcgportalapps/Press\\_Detail.aspx?Item\\_ID=46554&Dept=1](https://www2.montgomerycountymd.gov/mcgportalapps/Press_Detail.aspx?Item_ID=46554&Dept=1).

<sup>5</sup> Wellons, *Memorandum on Bill 3-25*.

<sup>6</sup> Montgomery County Council, "Committee Introduces Bill to Increase Eligibility for Homeowners Property Tax Credit,"

<sup>7</sup> Montgomery County Council, *Introductory Staff Report for Bill 3-25 - Homeowners' Tax Credit - County Supplement - Amendments*, February 11, 2025, <https://apps.montgomerycountymd.gov/ccllms/BillDetailsPage?RecordId=2856&fullTextSearch=3-25>

<sup>8</sup> [The Community Resilience Benchmarks](#), Alliance for National and Community Resilience, Accessed 2/25/2025.

<sup>9</sup> ["Equitable Adaptation Legal & Policy Toolkit: Resilient Affordable Housing, Anti-Displacement & Gentrification"](#), Georgetown University Climate Center, Accessed 2/25/2025.

<sup>10</sup> Bill 3-22, Legislative Branch – Climate Assessments – Required, Montgomery County Council, Effective date October 24, 2022



## COMMISSION ON AGING

Feb 28, 2025

Montgomery County Council  
100 Maryland Avenue, 4th floor  
Rockville MD 20850

RE: Bill 3-25, Homeowners' Property Tax Credit – County Supplement – Amendments **SUPPORT**

Dear Montgomery County Council:

We write on behalf of the Montgomery County Commission on Aging (CoA) to support the proposed legislation, “Bill 3-25, Homeowners' Property Tax Credit – County Supplement – Amendments.” The CoA is authorized by the Older Americans Act, P.L. 116-131, and was established by Montgomery County in 1974 to advise the county government on the needs, interests, and issues of older adult residents, and to advocate on their behalf at the local, state, and national levels. The Commission identifies issues where its voice on the needs of older people can make a difference.

We are pleased that you have introduced a bill to modernize the property tax credit program in Montgomery County. The current housing crisis is an affordability crisis; by increasing access to property tax credits, the County increases the likelihood that older people and others on limited or fixed incomes will be able to afford to remain in their homes and to age in place.

Bill 3-25 will increase the qualifying income eligibility to better reflect natural increases in Area Median Income, while providing larger supplemental tax credits for those most in need; it reserves the credit for families whose combined income is no more than \$75,000 and with net worth no more than \$250,000, while excluding retirement savings, life insurance, and the value of the home itself from the net worth calculation. The bill will also raise the cap on the assessed value of the home to which the credit applies, reflecting the fact that incomes in Montgomery County—particularly those of older people—have not increased at the same pace as the cost and assessed value of their housing.

In addition, we applaud the inclusion of provisions such as the requirement for annual consumer price index adjustments. Also, as written, this bill would equally benefit eligible residents new to the county or new homeowners as well as those of long-standing.

We encourage the council's swift passage of Bill 3-25, Homeowners' Property Tax Credit – County Supplement – Amendments. The Bill supports older people and other residents who wish to remain in their homes in Montgomery County to be able to do so. The CoA appreciates your concern for older people and we welcome opportunities to work together to enable them to age in our community.

Sincerely,  
Linda Bergofsky  
Wayne Berman  
Co-Chairs, Montgomery County Commission on Aging

**Department of Health and Human Services**



Montgomery County Chapter  
P.O. Box 7564  
Gaithersburg, MD 20898-9996

February 28, 2025

Kate Stewart  
President, Montgomery County Council

Re: Support for Council Bill 3-25

My name is Kevin Doxey and I offer testimony today as President of the Montgomery County Chapter of the Military Officers Association of America (MOAA). MOAA is the fourth largest military service organization in the country, and we advocate for all parts of the uniformed services community on issues of interest.

Having recently heard separately from Councilman Friedson at our January chapter event of his concerns regarding housing affordability within the county, as a chapter, we heard his message and are pleased to lend our voice in support of enacting Bill 3-25.

While it is highly unlikely that any retired or former commissioned officer will be a beneficiary of this legislation, the same cannot be said for those veterans from the enlisted community wishing to reside or continue to reside here in Montgomery County. In the interest of advancing a potential means of helping alleviate the financial burden for those of lesser means, we respectfully ask for the Council's affirmative consideration of Bill 3-25.

Respectfully,

Kevin Doxey  
Colonel, U.S. Army (Ret)



Testimony before the Montgomery County Council's Committee on  
Government Operations & Fiscal Policy Committee

Regarding Bill 3-25, Homeowners' Tax Credit -County Supplement- Amendments

March 4, 2025

Sheila Somashekhar  
Purple Line Corridor Coalition Director  
National Center for Smart Growth, University of Maryland

Good afternoon chair and members of the committee:

Thank you for providing the opportunity to participate at today's hearing.

My name is Sheila Somashekhar, and I am speaking on behalf of the Purple Line Corridor Coalition (PLCC), a collaborative working on equitable development along the Purple Line. With its home at the University of Maryland's National Center for Smart Growth, PLCC has developed a number of research-supported plans and policy priorities that address issues such as housing stability and affordability in gentrifying communities along the transit route.

PLCC has a stated goal in its [2023-2027 Housing Action Plan](#) to make sure renters and homeowners have the choice to continue to live near the Purple Line. About one-quarter of Purple Line homeowners already struggle to keep up with the costs associated with homeownership, with the burden being even greater for homeowners of color. We support Bill 3-25, as necessary for homeownership preservation and prevention of displacement.

It has been more than 15 years since the thresholds for maximum home value and income levels were updated. As of 2022, half of the zip codes within the Corridor had a median home value at or above \$450,000, making those homes unattainable to households making less than \$152,900. Further, a household income of \$75,000 is significantly more cost-burdened than similar households living elsewhere in the region. Research suggests that land and home values will continue to increase rapidly along the transit corridor. Increasing the household income level and the property assessment value threshold to qualify for the program means that more struggling families will have access to the relief available from the tax credit.

Passing this legislation is important for the well-being of the communities along the Purple Line, and we encourage your support. Thank you, and please contact me at [ssomashe@umd.edu](mailto:ssomashe@umd.edu) if you wish to discuss further.