



**Committee:** GO  
**Committee Review:** At a future date  
**Staff:** Christine Wellons, Chief Legislative Attorney  
**Purpose:** To receive testimony – no vote expected

AGENDA ITEM #2  
July 8, 2025  
**Public Hearing**

## **SUBJECT**

Bill 21-25, Taxation – Day Care and Child Care Property Tax Credit

Lead Sponsor: Council President Stewart

Co-Sponsors: Councilmember Alborno, Council Vice President Jawando, and Councilmembers Friedson, Katz, Glass, Sayles, and Luedtke

## **EXPECTED ATTENDEES**

Public speakers

## **COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION**

- Receive testimony

## **DESCRIPTION/ISSUE**

Bill 21-25 would:

- (1) increase eligibility for the day care and child care property tax credit;
- (2) increase the amount of the tax credit;
- (3) update terminology in accordance with state law; and
- (4) generally amend the law regarding property tax credits in the County.

## **SUMMARY OF KEY DISCUSSION POINTS**

- N/A

## **This report contains:**

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Fact Sheet by Council President Stewart's Office	© 5
Fiscal Impact Extension Request Memorandum	© 7

\*The Economic Impact Statement, Climate Assessment, and Racial Equity & Social Justice Impact Statements were not available at the time of publication of this staff report. They can be found at the below address when available: [Racial Equity and Social Justice, Economic, and Climate Impact Statements - Office of Legislative Oversight- Montgomery County, Maryland \(montgomerycountymd.gov\)](https://montgomerycountymd.gov/Racial-Equity-and-Social-Justice-Statements)

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

July 3, 2025

TO: County Council

FROM: Christine Wellons, Chief Legislative Attorney

SUBJECT: Bill 21-25, Day Care and Child Care Property Tax Credit

PURPOSE: Public hearing – receive testimony

Bill 21-25, Taxation – Day Care and Child Care Property Tax Credit, was introduced on June 17, 2025. The Lead Sponsor is Council President Stewart. Co-Sponsors include Councilmember Alborno, Council Vice President Jawando, and Councilmembers Friedson, Katz, Glass, Sayles, and Luedtke. A public hearing on the bill is tentatively scheduled for July 8 at 1:30 p.m. The Government Operations and Fiscal Policy (GO) Committee will hold a worksession on the bill on July 17.

Bill 21-25 would:

- (1) increase eligibility for the day care and child care property tax credit;
- (2) increase the amount of the tax credit;
- (3) update terminology in accordance with state law; and
- (4) generally amend the law regarding property tax credits in the County.

**BACKGROUND**

In 1988, the County passed into law a property tax credit for improvements to real property used by day care providers to provide care for children. The credit was authorized by Chapter 389 of the 1987 Laws of Maryland.

Since 1988, the General Assembly has expanded the permissible credit twice, most recently in 2025. Pursuant to the most recent update by the General Assembly, Chapter 122 of the 2025 Laws of Maryland, the County may increase the amount of the credit to \$10,000, and it may grant the credit to an additional type of child care facility: “large family child care home[s]”.

Pursuant to the new authority by the State, Expedited Bill 21-25 would increase the amount of the credit to \$10,000, and would expand eligibility to large family child care homes. The bill also would update terminology and legal citations based upon updates to state law.

## BILL SPECIFICS

Under current County law, the day care property tax credit is available to registered family child care homes, licensed child care centers, licensed day care centers for the elderly, and licensed day care centers for adults. Bill 21-25 would expand eligibility to include large family child care homes.

State law defines a “large family child care home” as “a residence in which family child care is provided for at least nine children, but not more than 12 children.” Md. Code Ann., Education § 9.5-301. The “family child care home,” by contrast, provides care for up to eight children.

In addition to expanding eligibility for the tax credit, the bill would increase the permitted amount of the credit from \$3,000 to \$10,000.

<u>This packet contains:</u>	<u>Circle #</u>
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\*The Economic Impact Statement, Climate Assessment, and Racial Equity & Social Justice Impact Statements were not available at the time of publication of this staff report. They can be found at the below address when available: [Racial Equity and Social Justice, Economic, and Climate Impact Statements - Office of Legislative Oversight- Montgomery County, Maryland \(montgomerycountymd.gov\)](https://montgomerycountymd.gov/Racial-Equity-and-Social-Justice-Economic-and-Climate-Impact-Statements)

Bill No. 21-25  
Concerning: Taxation – Day Care and  
Child Care Property Tax Credit  
Revised: 6/17/2025 Draft No. 2  
Introduced: June 17, 2025  
Expires: December 7, 2026  
Enacted: \_\_\_\_\_  
Executive: \_\_\_\_\_  
Effective: \_\_\_\_\_  
Sunset Date: None  
Ch. \_\_\_\_\_, Laws of Mont. Co. \_\_\_\_\_

## COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

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Lead Sponsor: Council President Stewart  
Co-Sponsors: Councilmember Albornoz, Council Vice-President Jawando, and Councilmembers  
Friedson, Katz, Glass, Sayles, and Luedtke

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### AN ACT to:

- (1) increase eligibility for the day care and child care property tax credit;
- (2) increase the amount of the tax credit;
- (3) update terminology in accordance with state law; and
- (4) generally amend the law regarding property tax credits in the County.

By amending

Chapter 52, Taxation.  
Section 52-94

<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:*

**Sec. 1. Section 52-94 is amended as follows:**

**52-94. Day care and child care property tax credit.**

(a) *Credit for child care or day care provider.*

(1) A taxpayer may receive a property tax credit against the general County tax and special service area taxes for an improvement on real property if the improvement is used exclusively for child care or day care services under state law as a:

(A) registered family [day] child care home or large family child care home under Title 9.5, Subtitle 3 of the Education Article of the Maryland Code, as amended;

(B) licensed child care center under Title 9.5, Subtitle 4 of the Education Article of the Maryland Code, as amended;

(C) licensed day care center for the elderly under Title 14, Subtitle 2 of the Health – General Article of the Maryland Code, as amended; or

(D) licensed day care center for [medically handicapped] adults under Title 14, Subtitle 3 of the Health – General Article of the Maryland Code, as amended.

(2) For each improvement, the credit must not exceed in each year the lesser of:

(A) [~~\$3,000~~] \$10,000; or

(B) the amount of the general county tax and special service area taxes attributable to the improvement.

[(3) A taxpayer may only receive credit for an improvement completed and assessed after July 1, 1987.]

26           ~~[(4)]~~ (3)       The Department of Finance administers this subsection. A  
 27                   taxpayer must apply for the tax credit with the Department of  
 28                   Finance by April 1 to receive the credit in the next taxable year.  
 29                   The taxpayer must certify in writing that the child care or day  
 30                   care provider:

31                   (A)    is licensed or registered by the State; and

32                   (B)    will accept clients whose care is subsidized by the County,  
 33                           State, or federal government, if the child care or day care  
 34                           provider has space.

35           ~~[(5)]~~ (4)       A taxpayer must not receive a credit under this subsection  
 36                   if the real property qualifies for a credit under subsection (b).

37       (b)   *Credit for family [day] child care home or [group day] child care center*  
 38           *on business property.*

39       (1)    A taxpayer may receive a property tax credit against the general  
 40                   County tax and special service area taxes for an improvement on  
 41                   real property owned by a business with at least 25 employees if  
 42                   the improvement is used exclusively for [day] child care services  
 43                   under state law as a:

44                   (A)    registered family [day] child care home or large family  
 45                           child care home under Title 9.5, Subtitle 3 of the Education  
 46                           Article of the Maryland Code, as amended; or

47                   (B)    licensed child care center under Title 9.5, Subtitle 4 of the  
 48                           Education Article of the Maryland Code, as amended.

49       (2)    For each improvement, the credit must not exceed in each year  
 50                   the lesser of:

51                   (A)    ~~[\$3,000]~~ \$10,000; or

(B) the amount of the general County tax and special service area taxes attributable to the improvement.

[(3) A taxpayer may only receive credit for an improvement completed and assessed after July 1, 1988.]

[(4)] (3) The Department of Finance administers this subsection. A taxpayer must apply for the tax credit with the Department of Finance by April 1 to receive the credit in the next taxable year. The taxpayer must certify in writing that the child care or day care provider is licensed or registered by the State.

(c) *Executive regulations.*

The County Executive must adopt regulations under method (3) to implement this Section.

(d) *Reports.*

The County Executive must report annually to the County Council on the use of the day care and child care property tax credit.

**Sec. 2. Transition.** The amendments to Section 52-94, under Section 1 of this Act, must apply to the tax year beginning July 1, 2026, and to each subsequent tax year.



Office of Council President Kate Stewart  
Child Care Property Tax Credit Expansion - Fact Sheet

**Background**

- According to the Comptroller's December 2024 [report](#) on the state of child care, Maryland has experienced a 15.5% decline in licensed child care providers and a 5.5% decline in overall child care capacity in just a few years. Home-based child care providers have experienced the most significant declines in that span, with a net loss of over 1,000 registered providers for an overall rate of decline of 21.6%.
- During the 2025 legislative session, Delegate Julie Palakovich Carr sponsored [HB 389](#), which was passed by the General Assembly and signed into law by Governor Moore. HB389 enables counties in Maryland to offer broader and more generous property tax credits to child care businesses to help them stay in operation. Specifically, it allows Montgomery County to:
  - Repeal requirements that improvements to real property must be completed after specified dates (July 1, 1987 and July 1, 1988 respectively) in order to be eligible for the local property tax credits. This enables the tax credits to be used regardless of the facility's age helping more existing providers.
  - Increase the maximum amount of the annual property tax credits from \$3,000 to \$10,000.
  - Alter the eligibility for the property tax credits to include large family child care homes.
- The intent of the enabling legislation and our bill is to provide targeted tax breaks that will help keep existing (and new) child care providers in operation while also continuing to incentivize construction.

**What we already have in Montgomery County:**

- Montgomery County is one of four counties that have enacted real property tax credits for child care providers using the 1987/1988 enabling authority. The other counties are Frederick, Harford, and Howard Counties.
- Montgomery County has the existing property tax credit for day care providers of \$3,000.00 or the amount of the General County and Special Area taxes, attributable to the improvement.
- Montgomery County's existing property tax credit for day care providers does not include large family child care homes, which are defined as "a residence in which family child care is provided for at least 9 but not more than 12 children."

**What would this bill do?**

- Currently child care facilities older than 1987/1988 are ineligible for the credit and this bill would eliminate that age of property requirement.

- The maximum amount of the credit is \$3,000 which has not been changed since it was set in 1988. This bill would increase the credit to \$10,000, making it more impactful in alignment with today's costs.
- The bill would add large family child care homes as properties eligible for the credit. These are defined as "a residence in which family child care is provided for at least 9 but not more than 12 children."
- The bill would make technical changes to obsolete references of day care to conform certain terms with current state law.

**Who will be eligible for the property tax credit under this bill?**

- A registered family child care home
- A registered large family child care home
- A licensed child care center
- A licensed day care center for the elderly
- A licensed day care center for adults



OFFICE OF MANAGEMENT AND BUDGET


Marc Elrich  
*County Executive*

Jennifer R. Bryant  
*Director*

MEMORANDUM

July 2, 2025

TO: Kate Stewart, President  
Montgomery County Council

FROM: Jennifer R. Bryant, Director  
Office of Management and Budget 

SUBJECT: Extension Request: Fiscal Impact Statement for Bill 21-25, Taxation -  
Day Care and Child Care Property Tax

As required by Section 2-81A of the Montgomery County Code, we are informing you that the transmittal of the Fiscal Impact Statement for the above referenced legislation will be delayed because more time is needed to collect information and conduct a meaningful analysis on the Bill. We are requesting an extension and will transmit the Fiscal Impact Statement no later than July 22, 2025.

JRB:ac

cc: Cecily Thorne, Chief of Staff to the Council President, Montgomery County Council  
Craig Howard, Executive Director, Montgomery County Council  
Richard S. Madaleno, Chief Administrative Officer, Office of the County Executive  
Tricia Swanson, Director of Strategic Partnerships, Office of the County Executive  
Chris Mullin, Manager, Office of Management and Budget  
Abdul Rauf, Fiscal and Policy Analyst, Office of Management and Budget

Office of the Director

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