Montgomery County Council

Committee: GO
Committee Review: At a future date
Staff: Jim Ogorzalek, Legislative Attorney
Purpose: To introduce agenda item – no vote expected

AGENDA ITEM #3I
September 15, 2026
Introduction

SUBJECT

Bill 47-26, Homeowners Property Tax Credit – County Supplement – Amendments

Lead Sponsors: Councilmembers Stewart, Friedson, Katz, and Evans

Co-Sponsors: Council President Fani-González, Council Vice President Balcombe, and Councilmember Luedtke

EXPECTED ATTENDEES

None

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

N/A

DESCRIPTION/ISSUE

Bill 47-26 would:

(1) alter eligibility requirements to receive the County's supplement to the Homeowners property tax credit;
(2) alter the calculation of the amount of the County's supplement to the Homeowners property tax credit; and
(3) generally amend the Homeowners property tax credit.

SUMMARY OF KEY DISCUSSION POINTS

N/A

This report contains:

AGENDA ITEM #3I
September 15, 2026
Introduction

MEMORANDUM

September 10, 2026

TO: County Council

FROM: Jim Ogorzalek, Legislative Attorney

SUBJECT: Bill 47-26, Homeowners Property Tax Credit – County Supplement – Amendments

PURPOSE: Introduction – no Council votes required

Bill 47-26, Homeowners Property Tax Credit – County Supplement – Amendments, is scheduled for introduction on September 15, 2026. Its Lead Sponsors are Councilmembers Stewart, Friedson, Katz, and Evans. Its Co-Sponsors are Council President Fani-González, Council Vice President Balcombe, and Councilmember Luedtke. A public hearing is tentatively scheduled for October 13, 2026, at 1:30 p.m.

Bill 47-26 would:

(1) alter eligibility requirements to receive the County's supplement to the Homeowners property tax credit;
(2) alter the calculation of the amount of the County's supplement to the Homeowners property tax credit; and
(3) generally amend the Homeowners property tax credit.

Background

The State of Maryland provides a Homeowner Tax Credit (HOTC) to real property owners applying to $300,000 of their principal residences when the owner has a combined income of less than $60,000 and a net worth of less than $200,000. State law authorizes, and the County provides, a local supplement to the Homeowners Property Tax Credit Program. State law further provides that the County may alter from those set forth in State law the following: (1) the limitation on the assessed value of a dwelling taken into account; (2) the percentages and combined income levels used to calculate the credit; and (3) the combined gross income and combined net worth eligibility limitations.

The Council most recently revised the HOTC supplement's eligibility requirements and credit calculations in 2025 by Bill 3-25.

Bill Specifics

Bill 47-26 seeks to update the eligibility requirements for the Homeowners property tax credit by expanding the credit to those homeowners whose combined gross income does not exceed $106,800, from the $75,000 limit imposed by existing law.

The bill would also alter the calculation of the amount of the County's supplement for the bill's newly eligible income tier between $75,000 and $106,800 by adding two additional steps to the allowable percentage of combined gross income subtracted from the total real property tax on a dwelling. The reduction for combined gross income between $75,000 and $90,000 is 25 percent, and 50 percent for combined gross income above $90,000. The revised percentages and combined income levels used to calculate the credit would be as follows:

Allowable Percentage of Gross Income	Existing Law Income Level	Bill Income Level
0%	First $25,000	First $20,000
2%	To $32,500	To $32,500
5%	To $42,500	To $42,500
6.5%	To $52,500	To $52,500
8%	To $75,000	To $75,000
25%	N/A	To $90,000
50%	N/A	To $106,800

Bill No. 47-26
Concerning: Homeowners Property Tax Credit – County Supplement – Amendments
Revised: 9/8/2026 Draft No. 1
Introduced:
Expiration: December 7, 2026
Enacted:
Executive:
Effective:
Sunset Date:
Ch. _____, Laws of Mont. Co. _________

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsors: Councilmembers Stewart, Friedson, Katz, and Evans
Co-Sponsors: Council President Fani-González, Council Vice President Balcombe, and Councilmember Luedtke

AN ACT to:

(1) alter eligibility requirements to receive the County's supplement to the Homeowners property tax credit;
(2) alter the calculation of the amount of the County's supplement to the Homeowners property tax credit; and
(3) generally amend the Homeowners property tax credit.

By amending
Montgomery County Code
Chapter 52, Taxation
Section 52-85

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

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

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

Sec. 52-85. Homeowners property tax credit.

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

* * *

(7) *Total real property tax* means the product of the sum of all property tax rates on real property, including special service area rates, but not including State and municipal district rates, for the taxable year on a dwelling, multiplied by the lesser of:

(A) $375,000; or

(B) the assessed value of the dwelling reduced by the amount of any assessment on which a property tax credit is granted under Section 9-105; and reduced by and any "save harmless" credit mandated under Section 9-101 of the Tax-Property Article of the Maryland Code.

* * *

(b) *General*.

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

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

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

(A) whose combined net worth exceeds $250,000 as of December 31 of the calendar year that precedes the year in which the homeowner applies for the property tax credit; or

(B) whose combined gross income exceeds **[**$75,000**]** $106,800 in that same calendar year.

(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 $25,000;

(B) 2 percent of the next $7,500;

(C) 5 percent of the next $10,000;

(D) 6.5 percent of the next $10,000; **[**and**]**

(E) 8 percent of **[**any combined gross income over $52,500.**]** the next $22,500;

(F) 25 percent of the next $15,000; and

(G) 50 percent of any combined gross income over $90,000.

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MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

TO: Montgomery County Council

FROM: Councilmembers Stewart, Friedson, Katz & Evans

SUBJECT: Amendments to Homeowners' Tax Credit (HOTC) Supplemental

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Residents across Maryland and in Montgomery County are facing increasing costs for essentials and many homeowners with modest and fixed incomes are struggling to afford staying in or purchasing a home. By expanding the County's supplemental to the Homeowners' Tax Credit (HOTC), the Council has an opportunity to take action with targeted, progressive property tax credits.

The State of Maryland provides a 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 (excluding the value of owner-occupied properties and retirement saving plans). 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 a local supplement to the state HOTC.

Bill XX-26 would alter the eligibility criteria for the Montgomery County supplement to the state HOTC, building on the adjustments the Council made in 2025 through Bill 3-25 which we sponsored as members of the Government Operations & Fiscal Policy Committee. Enacted in April 2025, that legislation changed the County's supplemental HOTC and increased the income limit from $60,000 to $75,000, the net worth limit from $200,000 to $250,000, and the assessed value of the property upon which the credit could apply from $300,000 to $375,000.

The current legislation we are introducing would increase the maximum household gross income from $75,000 to $106,800 to align with HUD's Area Median Family Income (HAMFI) values for Montgomery County.

The basis for this change comes from input from non-profits in the County working to expand access to homeownership. Our partners at Habitat for Humanity Metro Maryland informed us that 33% of participants in their program over the last 10 years were ineligible under the $75,000 threshold, despite earning less than 80% of the area's median income. While the changes we collectively established in 2025 significantly benefited many residents, they do not benefit homeowners on these modest and fixed incomes who are also in need of the financial support the HOTC provides. Increasing the limit to $106,800 would cover nearly all those households who participate in Habitat programs.

As an additional force multiplier, the changes to the HOTC can assist those seeking to purchase a home because residents can apply and qualify for the tax credit prior to qualifying for a mortgage, lowering costs and increasing homeownership opportunities.

In addition to conversations with nonprofit partners, the current legislation's proposed limit was determined using HUD's Area Median Family Income (HAMFI) values for Montgomery County. At 80% of AMI for a household size of four, households earning less than $106,800 qualify under HUD as "low income" (relative to our area).

According to the most recent data from the Maryland Department of Planning, the median sales price of condos, townhomes, and single-family detached units are:

- Condo: $280,000
- Townhome: $431,303
- Single-Family: $808,000

To afford the median sales price for each of these unit types, a household would need to earn approximately:

- Condo: $93,000
- Townhome: $143,000
- Single-Family: $268,000

With high home sales prices, even for smaller, lower-priced condos, households earning 80% of HAMFI ($106,800) will have a hard time finding units they can affordably purchase.

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We expect to introduce this HOTC expansion on September 15^{th} and respectfully request your support and welcome your co-sponsorship to help working families access homeownership and seniors on fixed incomes to remain in their homes.

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