Montgomery County Council

Committee: GO
Committee Review: Completed
Staff: Jim Ogorzalek, Legislative Attorney
Purpose: Final action – vote expected

AGENDA ITEM #4F
November 17, 2026 **Action**

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 Councilmembers Luedtke and Mink

EXPECTED ATTENDEES

N/A

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- The Government Operations and Fiscal Policy (GO) Committee recommends (3-0) the enactment of Bill 47-26, with amendments.
- The Council will hold a roll call vote on the GO Committee recommendation to enact Bill 47-26, as amended.

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:

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Lead Sponsors' Letter to Colleagues	© 5
Climate Assessment	© 8
Racial Equity and Social Justice Impact Statement	© 11
Fiscal Impact Statement	© 16

*The Economic Impact Statement was not available at the time of publication of this staff report. It 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)

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Agenda Item #4F
November 17, 2026
Action

MEMORANDUM

November 12, 2026

TO: County Council

FROM: Jim Ogorzalek, Legislative Attorney

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

PURPOSE: Action – roll call vote expected

Committee Recommendation:	The Government Operations and Fiscal Policy (GO) Committee voted (3-0) to recommend the enactment of Bill 47-26, with amendments.

Bill 47-26, Homeowners Property Tax Credit – County Supplement – Amendments, was introduced 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 Councilmembers Luedtke and Mink. A public hearing occurred on October 13, 2026, at 1:30 p.m. The Government Operations and Fiscal Policy (GO) Committee considered the bill on October 29, 2026, and recommended (3-0) the enactment of the bill, with amendments.

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

SUMMARY OF IMPACT STATEMENTS[1]

Climate Assessment. "The Office of Legislative Oversight (OLO) anticipates Bill 47-26 will have no impact on the County's contribution to addressing climate change as it is proposing changes to eligibility requirements for the Homeowner Tax Credit (HOTC)."

Racial Equity and Social Justice. "The Office of Legislative Oversight (OLO) anticipates Bill 47-26 could have a negative impact on racial equity and social justice (RESJ) in the County. Expanding income eligibility for the County's Homeowner's Tax Credit (HOTC) supplement could extend access to the credit to Black and Latinx homeowners with moderate incomes, including those served by programs like Habitat for Humanity. However, given the demographics of homeowners and older adults in the County, the primary beneficiaries of the Bill may be disproportionately White. Further, decreased property tax revenue from the Bill could undermine

[1] The Economic Impact Statement was not available at the time of publication of this staff report. It 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).

the County's ability to provide public goods and services, which could particularly harm BIPOC community members. OLO offers one policy option for Council consideration."

Fiscal Impact. "The Department of Finance estimates the proposed changes in Bill 47-26 would have a minimal impact on property tax revenue because the credit for newly eligible households with income exceeding $75,000 will phase out quickly, but the amount cannot be quantified at this time."

SUMMARY OF PUBLIC TESTIMONY

A public hearing on Bill 47-26, Homeowners Property Tax Credit – County Supplement – Amendments, was held on October 13, 2026.[2] Although testimony was largely in support of the bill, multiple individuals raised substantive concerns or opposed it outright.

Those in support argued that expanding the income eligibility threshold from $75,000 to $106,800 is a reasonable and necessary update given Montgomery County's high cost of living. Supporters emphasized that the current threshold excludes many households that are genuinely low-income by local standards but do not qualify for relief under the existing program. AARP Maryland, Habitat for Humanity Metro Maryland, the Montgomery Housing Alliance, and the Montgomery County Commission for Women all testified that the credit is an equitable tool that ties relief to ability to pay, and that expanding it would help seniors on fixed incomes, working families, and prospective homebuyers remain stably housed. Habitat for Humanity highlighted a practical benefit: potential homebuyers can apply for the credit before purchase, which could allow them to qualify for a larger mortgage and expand their housing options. The Greater Capitol Area Association of Realtors also expressed support, noting that the bill would help residents clear the final financial hurdle to homeownership in an increasingly unaffordable market.

Those in opposition focused on several overlapping themes. The Montgomery County Taxpayers League and the Cherrywood Homeowners Association argued that the income eligibility expansion is excessive and poorly timed, coming just months after the Council eliminated the $692 Income Tax Offset Credit (ITOC) that had benefited approximately 200,000 homeowners countywide. Critics contended that the Council was introducing targeted credits favoring narrow groups while the broader population of homeowners, including many lower-income residents, had lost the universal ITOC benefit. Concerns were also raised about the County's structural deficit, the administrative costs of eligibility determination and fraud prevention, and whether resources might be better directed toward increasing affordable housing supply or restoring the ITOC.

SUMMARY OF THE COMMITTEE WORKSESSION

The Government Operations and Fiscal Policy (GO) Committee considered the bill on October 29, 2026, and recommended (3-0) the enactment of the bill, with amendments.

[2] The Council also received written testimony as part of the record, which can be found at https://www.montgomerycountymd.gov/bill-47-26-homeowners-property-tax-credit-county-supplement-amendments.

1. Adjustment of calculations to achieve bill's intent

As introduced, the bill expanded the combined gross income eligibility for the HOTC upward to $106,800. The bill also established an additional income-level tranche up to $90,000 and used 50% and 25%, respectively, as the allowable combined gross income used to calculate the HOTC for each new tranche. The bill, as introduced, also left unchanged the maximum home assessed value used to calculate the credit (currently, $375,000). After introduction, Council Staff gathered additional information from relevant stakeholders that demonstrated that because of the complicated mechanism by which the credit is calculated in conjunction with the State credit, as introduced, the benefit to those individuals the bill was intending to reach was significantly smaller than intended. This occurred primarily because the way the credit is calculated compounds at each $10,000 income tranche such that the 25% and 50% figures used in the introduced bill had the impact of reducing the credit in those tranches to a de minimis amount.

As such, Council Staff proposed and the Committee adopted an amendment to revise the figures used to calculate the HOTC to achieve the lead sponsors' intent. First, this amendment would revise upward of the maximum home assessed value used to calculate the credit from the law's existing $375,000 to $500,000. This amount (which is based on the amount affordable to a family with a combined gross income of $106,800—the new amount set forth in the bill at introduction) adjusts the amount all HOTC recipients will receive under the program. Additionally, this amendment would adjust the percentage of allowable gross income used in the HOTC credit. In tandem, the revised HOTC individuals would receive would more closely align with the lead sponsors' intent at introduction. The amendment would also have the secondary effect of providing some additional relief to individuals at the lower end of the income threshold.

At Committee, the Department of Finance estimated the Fiscal Impact of the bill if this amendment were to be adopted. Based upon its analysis of the amendment, the Finance Department estimated a fiscal impact of $5–8 million if all eligible households were to take advantage of the expanded credit. That amount comprises $2.5–3 million in credits for existing recipients and $2.5–5 million in credits to new recipients. Under the revisions set forth in this amendment, the credit would reach an estimated 2,600 new households. The maximum possible credit under the expansion would be approximately $1,400, and the Finance Department used a linear distribution of incomes to assume a mid-range credit of approximately $730 to calculate the fiscal impact. The Finance Department did advise the Committee that it included a 25% contingency to account for currently unknown impacts related to Bill 3-25 and that there is some uncertainty in the estimates related to household wealth because there is no collected data correlating wealth to eligible households.

The Committee-adopted amendment is as follows:

Amend lines 6–15 and 33–48 as follows:

> (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**]]** $500,000; 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.

* * *

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

(F) **[[**25**]]** 7.5 percent of the next $15,000; and

(G) **[[**50**]]** 8 percent of any combined gross income over $90,000.

2. Adjustment of combined gross income amounts to accommodate inflation

As introduced, the bill did not account for Consumer Price Index Adjustments that have occurred since the HOTC was last considered. Council Staff proposed and the Committee adopted an amendment to adjust the income level of the dollar values set forth in the law to match the

amounts implemented during the current tax year under existing law. The Committee-adopted amendment is as follows:

Amend lines 26–48 as follows:

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

(A) whose combined net worth exceeds **[[**$250,000**]]** $255,400 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**]]** $25,540;

(B) 2 percent of the next **[[**$7,500**]]** $7,660;

(C) 5 percent of the next **[[**$10,000**]]** $10,220;

(D) 6.5 percent of the next **[[**$10,000**]]** $10,220; **[**and**]**

(E) 8 percent of **[**any combined gross income over $52,500.**]** the next **[[**$22,500**]]** 22,980;

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

(G) 50 percent of any combined gross income over **[[**$90,000**]]** $91,620.

3. Transition Clause

As introduced, the bill does not clarify the effective date for the updates to HOTC. Typically, changes to tax laws are implemented at the beginning of a tax levy year to allow for correct administration of the tax. Council Staff proposed and the Committee adopted the following amendment to clarify that the changes set forth in the bill apply beginning the next full tax levy year. The amendment would also clarify the transition's relationship to the Consumer Price Index adjustments that will occur under law prior to the next full tax year.

Add lines 49–57, as follows:

Sec. 2. Transition.

The amendments to Section 52-85 under this Act must apply for the tax year beginning July 1, 2027, and to each subsequent tax year. For tax year beginning July 1, 2027, in accordance with Section 52-85(d)(2), the Chief Administrative Officer must adjust each specific dollar amount under subsections (a)(7), (b)(3), and (c)(2) before the amendments are applied to the tax year beginning July 1, 2027.

Next Step:[3] Roll call vote on whether to enact Bill 47-26.

This packet contains:	Circle #
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[3] The Council authorizes Council Legislative Attorneys to make non-substantive technical corrections necessary to fix any typographical, stylistic, formatting, or grammatical errors in Bill 47-26.

Bill No. 47-26
Concerning: Homeowners Property Tax Credit – County Supplement – Amendments
Revised: 10/29/2026 Draft No. 3
Introduced: September 15, 2026
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 Councilmembers Luedtke and Mink

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**]]** $500,000; 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**]]** $255,400 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**]]** $25,540;

(B) 2 percent of the next **[[**$7,500**]]** $7,660;

(C) 5 percent of the next **[[**$10,000**]]** $10,220;

(D) 6.5 percent of the next **[[**$10,000**]]** $10,220; **[**and**]**

(E) **[[**8**]]** 7 percent of **[**any combined gross income over $52,500.**]** the next **[[**$22,500**]]** 22,980;

(F) **[[**25**]]** 7.5 percent of the next $15,000; and

(G) **[[**50**]]** 8 percent of any combined gross income over **[[**$90,000**]]** $91,620.

* * *

Sec. 2. Transition.

The amendments to Section 52-85 under this Act must apply for the tax year beginning July 1, 2027, and to each subsequent tax year. For tax year beginning July 1, 2027, in accordance with Section 52-85(d)(2), the Chief Administrative Officer must

adjust each specific dollar amount under subsections (a)(7), (b)(3), and (c)(2) before the amendments are applied to the tax year beginning July 1, 2027.

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.

We expect to introduce this HOTC expansion on September 15th 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.

Climate Assessment

Office of Legislative Oversight

BILL 47-26: HOMEOWNERS PROPERTY TAX CREDIT – COUNTY SUPPLEMENT - AMENDMENTS

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 47-26 will have no impact on the County's contribution to addressing climate change as it is proposing changes to eligibility requirements for the Homeowner Tax Credit (HOTC).

BACKGROUND AND PURPOSE OF BILL 47-26

Maryland has a Homeowner Tax Credit (HOTC) for real property owners that applies to $300,000 of their principal residences' value when the owner(s) have a combined income of less than $60,000 and a net worth less than $200,000.[1] State law allows for a local supplement for the HOTC program where the County can alter:

- The limitation on the assessed value of a dwelling considered;
- The percentages and combined income levels used to calculate the credit; and
- The combined gross income and combined net worth eligibility limitations.[2]

Bill 47-26 would update the County's eligibility requirements for the HOTC by expanding the credit to homeowners with a combined gross income up to $106,800, to align with U.S. Department of Housing and Urban Development (HUD) Area Median Family Income (HAMFI) values for the County.[3] Currently, the limit for eligibility is set at $75,000.

The Bill would also update the calculations for the allowable percentage of combined gross income subtracted from the total real property tax on a dwelling, shown in the next table.[4]

Allowable % of Gross Income	Income Level under Current Law	Income Level Proposed by Bill
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%	NA	To $90,000
50%	NA	To $106,800

Source: Introduction Staff Report for Bill 47-26

Bill 47-26 was introduced by the County Council on September 15, 2026.

ANTICIPATED IMPACTS

As the Bill proposes changes to eligibility requirements for the HOTC, OLO anticipates Bill 47-26 will have no impact on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions and community climate resilience.

RECOMMENDED AMENDMENTS

The Climate Assessment Act requires OLO to offer recommendations, such as amendments or other measures to mitigate any anticipated negative climate impacts.[5] OLO does not offer recommendations or amendments as Bill 47-26 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 and community climate resilience.

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.

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 increase the County's community climate 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.

CONTRIBUTIONS

OLO staffer Kaitlyn Simmons drafted this assessment.

[1] Maryland Department of Assessments and Taxation, "Homeowners' Property Tax Credit Program", September 17, 2026.

[2] Montgomery County Council, Staff Introduction Report for Bill 47-26, Introduced September 15, 2026.
[3] Ibid.
[4] Ibid.
[5] Bill 3-22, Legislative Branch – Climate Assessments – Required, Montgomery County Council, Effective date October 24, 2022

Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

BILL 47-26: HOMEOWNERS PROPERTY TAX CREDIT – COUNTY SUPPLEMENT – AMENDMENTS

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 47-26 could have a negative impact on racial equity and social justice (RESJ) in the County. Expanding income eligibility for the County's Homeowner's Tax Credit (HOTC) supplement could extend access to the credit to Black and Latinx homeowners with moderate incomes, including those served by programs like Habitat for Humanity. However, given the demographics of homeowners and older adults in the County, the primary beneficiaries of the Bill may be disproportionately White. Further, decreased property tax revenue from the Bill could undermine the County's ability to provide public goods and services, which could particularly harm BIPOC community members. OLO offers one policy option for Council consideration.

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 essential to achieve RESJ.[1] This involves seeing, thinking, and working differently to address the racial and social inequities that cause racial and social disparities.[2]

PURPOSE OF BILL 47-26

The County's HOTC supplement provides an additional tax credit to County homeowners who qualify for the state HOTC. As of 2026, homeowners can qualify for the supplement if they have combined income of up to $76,620 and net worth of up to $255,400.[3]

The purpose of Bill 47-26 is to expand income eligibility for the County's HOTC supplement. If enacted, Bill 47-26 would allow homeowners with combined gross income of up to $106,800 to qualify for the supplement.[4] This would align income eligibility for the supplement with the U.S. Department of Housing and Urban Development's (HUD) Area Median Income (AMI) values for the County.[5] Currently, County law caps income eligibility for the supplement at $75,000 with annual adjustments for inflation. Bill 47-26 would also update calculations for the supplement based on the new income eligibility threshold.[6]

The Council introduced Bill 47-26 on September 15, 2026.

For background on RESJ and housing, including racial inequities in homeownership, please refer to OLO Report 2024-11, *Racial Equity and Social Justice Policy Handbook: Land Use, Housing, and Economic Development*.[7]

ANTICIPATED RESJ IMPACTS

To consider the anticipated impact of Bill 47-26 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?

OLO identified the following groups who would be impacted by Bill 47-26:

County homeowners who earn between $75,000 and $106,800 and meet other eligibility criteria could benefit from being able to qualify for the County's HOTC supplement. This would help lower their property taxes and reduce their housing costs. The Department of Finance could not provide OLO with estimates of how many more households would qualify for the supplement.[8]

To estimate the demographics of these homeowners, OLO considered the following data:

- *Census estimates of County homeownership and rental rates by race and ethnicity.* This data suggests White and Asian households in the County are more likely to be homeowners. Conversely, Black and Latinx households in the County are more likely to be renters. (Table A, Appendix)
- *Census estimates of the County's older adult population by race and ethnicity.* The County's HOTC supplement primarily serves community members who are older adults. In 2024, 76 percent of HOTC recipients were over the age of 65, and 79 percent had income from retirement.[9] Census data suggests adults ages 65 and older in the County are disproportionately White. Asian, Native American, and Pacific Islander community members are proportionately represented among adults ages 65 and older, while Black and Latinx community members are underrepresented. (Table B, Appendix)
- *OLO analysis of Census microdata estimates*. OLO used the Microdata Access Tool (MDAT) from the U.S. Census Bureau[10] to obtain estimates of owner-occupied households in the County with incomes between $75,000 and $106,800 by race and ethnicity. This data suggests the racial and ethnic demographics of this group of households are representative of the demographics of all households in the County. (Table C, Appendix)

Of note, Bill 47-26 would align income eligibility for the County's HOTC supplement to 80 percent of the County's AMI for a family of four. The Bill's lead sponsors explained this is intended to open access to the program to moderate income homeowners, including those who qualify for homeownership programs like Habitat for Humanity (HFH). The lead sponsors reported that one-third of HFH's clients are unable to qualify for the HOTC supplement due to being over the income threshold. In the last five years, HFH has sold 24 homes to County families and the vast majority were Black or Latinx.[11]

Community members at large could 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.[12] The forgone revenue could undermine the County's ability to provide public goods and services. This could particularly harm BIPOC community members, especially as they continue to become a larger part of the population.[13]

Taken together, OLO anticipates Bill 47-26 could have a negative impact on RESJ in the County. Bill 47-26 could extend access to the County's HOTC supplement to Black and Latinx homeowners with moderate incomes, including those served by homeownership programs like HFH. However, given the demographics of homeowners and older adults in the County, the primary beneficiaries of the Bill may be disproportionately White. Further, decreased property tax revenue from the Bill could undermine the County's ability to provide public goods and services, which could particularly harm BIPOC community members.

Recommended Amendments

The County's RESJ Act requires OLO to consider whether to recommend amendments to bills that could reduce racial and social inequities and advance RESJ.[14] OLO anticipates Bill 47-26 could 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 older adults with lower incomes 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 older adults who have extremely low incomes.[15] The Council could consider policy recommendations outlined in the report, with a focus on those that address housing needs of older adults with lower incomes 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 homeowner and 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.

Caveats

Two caveats to this RESJIS should be noted. First, predicting the impact of bills on RESJ is challenging due to data limitations, uncertainty, and other factors. Second, this RESJIS is intended to inform the Council's decision-making process rather than determine it. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

Appendix

Table A. Homeownership and Rental Rates by Race and Ethnicity, Montgomery County[16]

Race or ethnicity	Owner-Occupied Households	Renter-Occupied Households
Asian	70.7	29.3
Black	39.6	60.4
White	76.5	23.5
Latinx	54.3	45.7
County	65.1	34.9

Source: Table S0201, 2024 American Community Survey 1-Year Estimates, Census Bureau.

Table B. Share of Community Members 65 and Older by Race and Ethnicity, Montgomery County

Race or ethnicity	Community Members 65 and Older	County Population
Asian	16.2	15.4
Black	13.4	18.6
Native American	0.5	0.6
Pacific Islander	0.1	0.0
White	58.2	42.1
Latinx	10.3	21.0

Source: Table S0103, 2024 American Community Survey 5-Year Estimates, Census Bureau.

Table C. Share of Owner-Occupied Households with Household Income between $75,000 and $106,800 by Race and Ethnicity, Montgomery County

Race or ethnicity	Select Owner-Occupied Households	County Households
Asian	14.5	14.8
Black	17.0	18.7
Native American	0.5	0.5
Pacific Islander	0.1	0.1
White	50.5	48.8
Latinx	16.3	15.5

Source: OLO analysis of Census Microdata and Table S2502, 2024 American Community Survey 5-Year Estimates, Census Bureau.

[1] Definition of racial equity and social justice adopted from M. Gamblin et al., "Applying Racial Equity to U.S. Federal Nutrition Programs," Bread for the World and Racial Equity Tools.
[2] Ibid.
[3] "Supplemental Homeowners Property Tax Credit," Department of Finance.
[4] Introduction Staff Report for Bill 47-26, Montgomery County Council, Introduced September 15, 2026.
[5] Memo from Councilmembers Stewart, Friedson, Katz, and Evans to Montgomery County Council, Introduction Staff Report for Bill 47-26, Montgomery County Council, pgs. (4)-(5); FY 2025 Income Limits Summary for Washington-Arlington-Alexandria, DC-VA-MD HUD Metro FMR Area, HUD User, U.S. Department of Housing and Urban Development.
[6] Introduction Staff Report for Bill 47-26, Montgomery County Council.
[7] E. Bonner-Tompkins, J. Peña, E. Tesfaye, OLO Report 2024-11: Racial Equity and Social Justice Policy Handbook: Land Use, Housing, and Economic Development, Office of Legislative Oversight, June 18, 2024, Chapter 3.
[8] OLO communication with Department of Finance staff on September 22, 2026.
[9] OLO analysis of unpublished data from the Maryland State Department of Assessments and Taxation.
[10] "What is Microdata Access," U.S. Census Bureau, page last reviewed January 22, 2025; "DATA GEMS: What is Microdata and Why Should I Use It?" U.S. Census Bureau, August 18, 2020. As noted by the Census Bureau, estimates from Microdata Access are less accurate than estimates from pre-tabulated Census tables.
[11] OLO communication with Habitat for Humanity Metro Maryland staff on April 1, 2026 cited in RESJIS for Bill 15-26, Office of Legislative Oversight, April 7, 2026.
[12] FY25 Approved Taxes, Revenues, Montgomery County Operating Budget.
[13] C. McNamara, "Trends in Racial and Ethnic Diversity in Montgomery County, MD, 1990-2020," Montgomery Planning, March 31, 2026.

[14] Bill 27-19, Administration – Human Rights – Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee – Established, Montgomery County Council.
[15] "Meeting the Housing Needs of Older Adults in Montgomery County," Montgomery County Planning Department, May 2018.
[16] Race is inclusive of Latinx origin for all data points in this RESJIS. Estimates for Native American and Pacific Islander community members are not available for all data points.

Fiscal Impact Statement

Office of Management and Budget

Bill 47-26	Homeowners Property Tax Credit - County Supplement - Amendments
Bill Summary	Bill 47-26 would expand eligibility for the County's supplement to the Homeowner's Property Tax Credit (HOTC) to homeowners whose combined gross income does not exceed $106,800. The bill would also change how the County calculates the supplement amount.
Fiscal Impact Summary	The Department of Finance estimates the proposed changes in Bill 47-26 would have a minimal impact on property tax revenue because the credit for newly eligible households with income exceeding $75,000 will phase out quickly, but the amount cannot be quantified at this time.
Fiscal Impact Analysis	The Department of Finance cannot estimate the fiscal impact of Bill 47-26 because recent changes to the supplemental HOTC from Bill 03-25 take effect in fiscal year 2027. The application period for the supplemental HOTC is from April 1, 2026, to October 1, 2026. The State Department of Assessments and Taxation (SDAT) has not yet sent Montgomery County the number of supplemental HOTC recipients and the credit value.
Staff Impact	The bill is not expected to impact staff time or duties.
Actuarial Analysis	The bill is not expected to impact retiree pension or group insurance costs.
Information Technology Impact	The bill is not expected to impact the County Information Technology (IT) or Enterprise Resource Planning (ERP) systems.
Other Information	
Later actions that may impact revenue or expenditures if future spending is projected	The bill does not authorize future spending.
Contributors	Nancy Feldman, Department of Finance Todd Fawley-King, Department of Finance Abdul Rauf, Office of Management and Budget