

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 66

(Delegate Charkoudian)

Ways and Means

Budget and Taxation

Property Tax Credits - Public School Employees, Health and Safety
Improvements, and Property Used for Local Housing Programs

This bill authorizes county and municipal governments to grant a property tax credit for (1) residential real property that is owned by and is the primary dwelling of an employee of the public school system of the county where the residential real property is located; (2) an apartment building or a condominium building if the owner of the building made health or safety improvements to the building on or after July 1, 2024; and (3) an apartment building or a condominium building that is used on or after July 1, 2024, for the purposes of a local housing program for homeless individuals or families. Local governments may provide for (1) the amount and duration of the property tax credits; (2) additional eligibility criteria for the property tax credits; and (3) any other provision necessary to carry out the property tax credits. **The bill takes effect June 1, 2024, and applies to taxable years beginning after June 30, 2024.**

Fiscal Summary

State Effect: None.

Local Effect: Potential significant decrease in local property tax revenue beginning in FY 2025 to the extent the property tax credits are granted. The amount of the revenue decrease depends on the number of eligible properties in each jurisdiction, the assessed value of eligible properties, local property tax rates, and any other criteria required by local governments. Local expenditures are not directly affected.

Small Business Effect: None.

Analysis

Current Law: None applicable.

Local Fiscal Effect: Local property tax revenues decrease beginning in fiscal 2025 to the extent the property tax credits authorized by the bill are granted. The amount of the revenue decrease cannot be reliably estimated and depends on the number of eligible properties in each jurisdiction, the assessed value of eligible properties, local property tax rates, and any other criteria required by local governments. Depending on the jurisdiction, the revenue decrease could be significant.

As a point of reference, the Maryland State Department of Education (MSDE) indicates that approximately 125,000 public school employees work within the 24 local school systems (as of October 2022). Providing a \$2,500 property tax credit to 10% of public school employees would reduce local property tax revenues by \$31.25 million annually.

Local property tax revenues could also decrease by a significant amount due to the proposed property tax credits for certain apartments and condominium buildings. Based on reports from the State Department of Assessments and Taxation (SDAT), there are 209,223 improved condominium properties with a total assessed value of \$47.3 billion and 2,407 vacant condominium properties with a total assessed value of \$67.7 million (as of July 1, 2023). In addition, there are 10,532 improved apartment properties with a total assessed value of \$50.0 billion and 756 vacant apartment properties with a total assessed value of \$147.9 million.

Additional information on local property tax rates and revenues can be found in the [County Revenue Outlook Report – Fiscal 2024](#). A copy of the report is available on the Department of Legislative Services website.

Additional information on residential housing sales data can be found in the following report: [Fiscal 2023 Median Residential Sales by Quarter](#). A copy of the report can be found on the SDAT website.

Additional information on public school employees can be found in the following report: [Staff Employed at School and Central Office Levels, Maryland Public Schools, October 2022](#). A copy of the report can be found on the MSDE website.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Baltimore City; Kent, Montgomery, Washington, and Worcester counties; Maryland Association of Counties; Maryland Municipal League; State Department of Assessments and Taxation; Maryland State Department of Education, Department of Legislative Services

Fiscal Note History: First Reader - January 30, 2024
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