



BALTIMORE CITY COUNCIL BUDGET & APPROPRIATIONS COMMITTEE

Mission Statement

The Budget and Appropriations Committee is responsible for ensuring taxpayer dollars are expended prudently and equitably. BA will exercise regular oversight of the funding and spending practices of City agencies, the City's budget, expenditures, loans, and other financial matters. The committee's areas of jurisdiction include all budgets & appropriations, taxation, financial services, consumer protection, audits, and the Comptroller's Office.

The Honorable Danielle McCray

CHAIR

PUBLIC HEARING

Tuesday, February 17, 2026

9:02 AM

CLARENCE "DU" BURNS COUNCIL CHAMBERS

26-0151

***Taxes - Property Tax - Increase of Homestead Tax
Credit Percentage***

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**BUDGET & APPROPRIATIONS COMMITTEE****The Honorable Danielle McCray
CHAIR****Bill Hearing***26-0151**Taxes - Property Tax - Increase of Homestead Tax Credit Percentage*

Purpose of increasing the homestead tax credit percentage for the taxable year beginning in July 2026.

REPORTING AGENCIES

- Law Department
 - Department of Finance
 - Department of Housing and Community Development
-

BACKGROUND

The Homestead Tax Credit was established by state law in Maryland to provide financial relief and protect residential homeowners from rapid property tax increases by capping the annual taxable assessment growth. The credit is designed to limit the amount of the annual increase in taxable assessments for eligible owner-occupied properties. The credit is applied against the taxes due on the portion of the reassessment exceeding the cap and applied directly to the property owner's tax bill. The Homestead Tax Credit does not limit the market value of the property as determined by the Department of Assessments and Taxation. The credit is calculated on any assessment increase exceeding the capped percentage from one year to the next.ⁱ

Homeowners must meet the program eligibility requirements that require the applicant to be primary resident of the home and to apply within 180 days following the date the dwelling is transferred to them. There are no household income restrictions and applicants must complete the one-time application for the credit.ⁱ

While state law requires local governments to limit these increases to 10% or less, Baltimore City has maintained a 4% cap since the 1990s. Additionally, the current property tax rate is set at \$2.248 per \$100 of assessed value, and with the previously passed Targeted Homeowners Tax Credit (THTC) the effective rate for residential homeowners is \$2.048 per \$100 of assessed value. Council Bill 26-0151 proposes to adjust this local cap for the Homestead Tax Credit from 4% to 6%, which would increase the amount of the annual taxable assessment. However, the introduction of this Bill is part of Baltimore City's larger 10-year plan to assess tax competitiveness and reduce property taxes for residents. The strategy is to also pass additional legislation this year to reduce the residential homeowner tax rate to

\$1.998 per \$100 of assessed value for FY 2027, therefore providing some savings to homeowners or no impact.

Required by State law ([§9-105](#)), Baltimore City must notify SDAT by March 15, 2026 if they are to make any changes to the cap for the Homestead Tax Credit for FY 2027.

FISCAL NOTE

Council Bill 26-0151 will increase the homestead tax credit percentage for taxable year beginning in July 2026 from 4% to 6%. The impact of the Bill is estimated to have a \$4.5 million positive impact on the City’s tax revenue for FY 2027, however, coupled with the proposal to reduce the effective residential tax rate from \$2.04 per \$100 of assessed value to \$1.99 per \$100 of assessed value, there is net loss to the City’s tax revenue by \$3.8 million. See the chart below provided by Department of Finance:

Fiscal 2027 General Fund Impact (in \$ millions)	
Homestead Cap Change from 4% to 6%	4.5
Residential Tax Rate from \$2.04 to \$1.99	(8.3)
Net Impact	(3.8)

The Department of Finance also provided an assessment of Individual Taxpayers to ensure an increase in the Homestead Tax Credit Cap would not increase the tax burden on homeowners. A total of 75,462 residential homeowners were certified by SDAT that occupy their home which makes them eligible for the Homestead Tax Credit. The analysis provided uses real property assessment which is a basis for the FY 2027 tax bills and includes the most recent Group 2 re-assessments that were completed in December 2025.ⁱⁱ Department of Finance’s analysis shows an average reduction of \$58.04 for 64,218 homeowners, \$0 impact for 10,807 homeowners, and \$20.69 increase for 437 homeowners. Ultimately, both the savings or increases are minimal on average for increasing the cap and reducing the residential tax. However, additional strategies are part of the 10-Year Financial Plan such as increasing enrollment and eligibility for the State Homeowner’s and Renter’s Tax Credit, which may provide savings to eligible homeowners.

Analysis by: Paroma Nandi
Analysis Date: 2/13/2026

Direct Inquiries to: Paroma.Nandi@baltimorecity.gov

ⁱ Maryland Department of Assessments and Taxation. (2023, November). <https://dat.maryland.gov/realproperty/pages/maryland-homestead-tax-credit.aspx#:~:text=Legislation%20enacted%20by%20the%202007,of%20the%20Maryland%20Annotated%20Code>.

ⁱⁱ Baltimore City Reassessment Areas are three distinct geographic divisions used by the Maryland Department of Assessments and Taxation (SDAT) to rotate property assessments on a three-year cycle. Each year, one area is reassessed to determine property taxes, ensuring all properties are reviewed every three years. A map of which properties fall into Groups 1, 2, and 3 and their respective years for reassessment can be viewed on SDAT’s website [here](#).

BALTIMORE CITY COUNCIL



BUDGET & APPROPRIATIONS COMMITTEE

26-0151

*Taxes - Property Tax - Increase of Homestead Tax
Credit Percentage*

Agency Reports



CITY OF BALTIMORE
MAYOR BRANDON M. SCOTT

TO	The Honorable President and Members of the Baltimore City Council
FROM	Robert Cenname, Deputy Finance Director
DATE	February 12 th , 2026
SUBJECT	26-0151 Taxes—Property Tax—Increase of Homestead Tax Credit Percentage

Position: Support

The Department of Finance is herein reporting on City Council Bill 26-0151, Taxes—Property Tax—Increase of Homestead Tax Credit Percentage, the purpose of which is increasing the City’s Homestead Tax Credit cap from 4% to 6%.

Background

In December 2025, the City released the second long-range financial plan for Baltimore, *Securing Baltimore’s Future: A 10-Year Financial Plan for Baltimore, FY26-31*, which is available on the Bureau of the Budget and Management Research’s [website](#). The Plan is a set of actions and investments that, if implemented over the next decade, will ensure the City sustainably balances the annual budget while fostering long-term population growth and community vitality. Consisting of over 80 initiatives, the Plan focuses on cost control, while improving quality of life and strengthening the City’s competitiveness.

City Council Bill 26-0151, Taxes—Property Tax—Increase of Homestead Tax Credit Percentage implements 3.01 from *Securing Baltimore’s Future*. This initiative is part of the Tax Competitiveness Cornerstone, which includes initiatives that are focused on reducing the tax burden on City residents, diversifying revenue sources for the City budget, and improving tax fairness.

The Homestead Tax Credit limits the annual increase in taxable assessments for eligible homeowners. State law authorizes local jurisdictions to establish a cap on this credit, which may be set anywhere between 0% and 10%. Any difference between the actual tax liability and the capped liability is provided through the Homestead Tax Credit. To qualify for the credit, residential property owners must apply to and be approved by the State Department of Assessments and Taxation (SDAT). Applicants must certify that the property is their single principal residence for the upcoming calendar year.

Benchmarking and Analysis

Baltimore City currently sets its Homestead cap at 4%, a level lower than most Maryland jurisdictions. The City’s cap ranks 20th lowest among the State’s 24 counties. Among the 24 largest municipalities in Maryland, with populations greater than 10,000, twelve set their cap at the State maximum allowable of 10% and only two set their cap below Baltimore’s 4% level. While the 4% cap offers strong protection for eligible homeowners, it also limits revenue growth in the City’s fastest-appreciating neighborhoods. This

constraint contributes to the need for a higher citywide tax rate. Jurisdictions with higher Homestead caps generally maintain lower property tax rates overall.

One common misconception about the Homestead cap is that it largely protects legacy homeowners on fixed incomes. Although the Homestead Tax Credit can help shield taxpayers from higher costs, most of the benefits have accrued to wealthier homeowners living in the City’s fastest growing neighborhoods with the highest property values. In Fiscal 2025, the top ten neighborhoods by total credit amount for residents receiving the Homestead Tax Credit included Guilford, Homeland, Mount Washington, Roland Park, Locust Point, Riverside, Hampden, and Canton. The top ten neighborhoods by the percentage of properties receiving the Homestead Tax Credit included many similar neighborhoods, such as Guilford, Homeland, Cedarcroft, and Original Northwood.

The City’s 10-Year Financial Plan, *Securing Baltimore’s Future*, calls on the City to re-align its tax rate with the best practices of other Maryland jurisdictions with the goal of reducing the City’s property tax rate. The City’s high property tax rate, at \$2.248 for each \$100 of assessed value, is more than double that of other Maryland counties and is seen as a disincentive to retaining existing residents and attracting new investment. As part of the City’s first 10-Year Plan, *Change to Grow*, the City created a lower effective tax rate for residential homeowners and phased in relief over a ten-year period through the creation of the Targeted Homeowners Tax Credit (THTC). The THTC applies a credit to the tax bill, which currently reduces the effective rate for residential homeowners to \$2.048 per \$100 of assessed value, approximately 20 cents below the full tax rate.

As a first step in achieving these goals, *Securing Baltimore’s Future* calls on the City to increase its Homestead cap from 4% to 6% while concurrently reducing the effective residential homeowner rate from \$2.048 to \$1.998 by Fiscal 2027. The purpose of implementing these actions concurrently is two-fold: to ensure that new revenues derived from the higher Homestead cap are redirected solely to tax rate reduction; and to maximize the impact to individual taxpayers while limiting the impact on residents’ property tax bills.

Fiscal Impact

The proposed change in legislation must be examined from two angles: 1) the impact to the City’s General Fund budget, and 2) the impact to individual taxpayers.

City Impact

The increase in the Homestead Tax Credit cap alone will generate additional City tax revenue, but when paired with the 5-cent reduction in the effective residential rate this proposal will result in a net loss of \$3.8 million of City General Fund revenue:

Fiscal 2027 General Fund Impact	
<i>(in \$ millions)</i>	
Homestead Cap Change from 4% to 6%	4.5
Effective Residential Tax Rate from \$2.04 to \$1.99	(8.3)
Net Impact	(3.8)

If City Council Bill 26-0151 is enacted, the City will accelerate the timeline to reach the targeted rate reduction of 5-cents in its Fiscal 2027 Preliminary Budget proposal. The rate reduction is granted to City taxpayers through the THTC, which is set each year by the Board of Estimates, typically in May or June.

Individual Taxpayers

To determine the impact on individual taxpayers, BBMR utilized the most current real property assessments which are the basis for Fiscal 2027 tax bills. This includes the most recent Group 2 re-assessments that were completed by SDAT in December 2025. There are a total of 75,462 residential homeowners that have certified to SDAT that they occupy the home that they own which makes them eligible for the Homestead Tax Credit and the THTC. These proposed changes to the Homestead and THTC mean that residents' Fiscal 2027 tax bill may change from what they would have seen under current policy.

To determine the scale of the impact, BBMR compared the estimated Fiscal 2027 tax bill under the current law (Homestead 4%, \$2.048 rate) with the proposed law (Homestead 6%, \$1.998 rate). Under the proposal, it is estimated that tens of thousands of homeowners' anticipated tax bill would be lower, with limited impacts to other taxpayers:

Impact to Residential Homeowners			
Impact	# of Taxpayers	% of Taxpayers	Avg. Change
Tax Decrease	64,218	85.1%	(\$58.04)
No Impact	10,807	14.3%	\$0.00
Tax Increase	<u>437</u>	<u>0.6%</u>	\$20.69
Total	75,462	100.0%	

Other Considerations

The City Council should consider three other factors: the timeline for passage; the Mayor's commitment to hold harmless residents that may see an increase in their tax bill in Fiscal 2027 from these changes; and efforts to boost enrollment in the Homestead and State Homeowner's and Renter's Tax Credits.

Timeline

To be eligible for implementation on the subsequent year tax bill, State law requires local governments to notify SDAT by March 15 of any change to the Homestead cap. The intent of the State law is to provide SDAT with enough time to factor in the new Homestead rate when preparing tax bills for the July 1 mailing date. The Administration's intent is to notify SDAT by March 15, 2026 so that implementation can commence for the July 1, 2026 (Fiscal 2027) tax bills. To meet these requirements, this bill must be passed by City Council at the meeting on March 9, 2026. This tight timeline was partially impacted by the recent snow event which led to the cancellation of the January 26, 2026 City Council meeting.

Hold Harmless

The intent of pairing the Homestead cap increase with a significant reduction in the effective homeowner rate through the THTC is to deliver the most savings to property owners while minimizing the impacts. It is important to note that, under this proposal, it is estimated that there is still a small fraction of taxpayers (437 total taxpayers, or 0.6%) that would pay more than under the current law. The reason is two-fold: 1) the current THTC law requires that the relief for residential homeowners be calculated on the assessed "Improvements" value (not the "Total" value), and 2) a small number of properties each year are assessed with the "Land" value being larger than the "Improvements" value. The combination of these two factors weakens the value of the THTC rate relief for a small number of homeowners.

It is estimated that to make those homeowners neutral versus current law would require an additional \$9,043 and legislation to expand the THTC. BBMR is working with the Mayor's Office, Law Department, and Department of Legislative Reference to determine the requirements and draft legislation based on analysis of the calculation factors that has impacted these properties. Since the THTC does not go before the Board of Estimates until later in the spring, the Administration will introduce legislation to address this issue.

Additional Efforts

The City will also work to boost enrollment in other tax credits that reduce property tax burden, like the State Homeowner's and Renter's Tax Credits, which are designed to limit the amount of property taxes or rent a resident must pay based upon their income. These credits provide meaningful tax relief to low- and moderate-income households. Analysis of U.S. Census and property assessment data indicates that thousands of eligible Baltimore residents are not currently enrolled in the State Homeowner's and Renter's Tax Credit programs. To close this gap, the City is developing a strategy, which will engage nonprofit organizations with expertise in this program and outreach to communities, to identify and assist eligible households with enrollment. In addition, the City will also look to boost enrollment in the Homestead Tax Credit to ensure that all residents who are eligible to receive the credit are receiving it.

Conclusion

City Council Bill 26-0151 is a first step in the Administration's long-term strategy to lower the City's property tax rate and reduce the burden on City taxpayers. The combination of a higher Homestead cap (to 6%) and a large residential tax rate reduction (5 cents) will better align the City's practices with those of other large Maryland counties and municipalities. It will bring the City's residential tax rate below \$2.00, representing a key milestone in the City's progress on rate reduction. And, it will result in net savings to more than 64,000 City homeowners in Fiscal 2027, delivering on the promise to reduce the cost of living for City families.

Based on these findings, the Department of Finance supports the passage of CCB 26-0151.

cc: Michael Moiseyev
Nina Themelis



CITY OF BALTIMORE
MAYOR BRANDON M. SCOTT

TO	The Honorable President and Members of the Baltimore City Council
FROM	Alice Kennedy, Commissioner, Housing and Community Development
CC	Mayor's Office of Government Relations
DATE	February 12, 2026
SUBJECT	26-0151 Taxes – Property Tax – Increase of Homestead Tax Credit Percentage

Position: Favorable



BILL SYNOPSIS

The Department of Housing and Community Development (DHCD) has reviewed City Council Bill 26-0151 Taxes – Property Tax – Increase of Homestead Tax Credit Percentage for the purpose of increasing the homestead tax credit percentage for the taxable year beginning in July, 2026.

If enacted, City Council Bill 26-0151 would increase the City's Homestead Tax Credit cap from 4% to 6%. If approved, this Bill will take effect on the 30th day following its enactment.

SUMMARY OF POSITION

Baltimore City's high property tax rate, at \$2.248 for each \$100 of assessed value, is more than double that of other Maryland counties and is seen as a disincentive to retaining existing residents and attracting new investment. This Bill is one part of a broader initiative to responsibly reduce the tax burden for City residents while ensuring that process remains fair. It is designed to be enacted concurrently with a plan to reduce the effective residential homeowner rate from \$2.048 to \$1.998 by Fiscal Year 2027. Increasing the Homestead Tax Credit percentage from 4% to 6% will allow the City to offset some of the revenue lost through a lower effective rate by recouping it from some of our wealthier, fastest growing neighborhoods.

Keeping homeowners in their homes is a key strategy to preserving affordable housing in our City. DHCD's Tax Sale Deferral Program allows eligible homeowners, especially legacy homeowners, seniors, residents with disabilities, and low-income households, to defer eligible property taxes that may be owed, helping them stay out of tax sale and protect their homes. Much of this is accomplished by promoting tax sale clinics and community-based information sessions. Our efforts also extend to assisting homeowners in applying for tax credits and working

with community partners to assist homeowners in applying for other forms of public assistance as well. Baltimore City's Tax Sale's Ombudsmen, housed within DHCD, would help educate the public about changes to this tax credit should the Bill be approved.

DHCD supports the Administration's efforts to help Baltimore become a more competitive tax environment while also considering the broader impacts such an effort may have on our ability to deliver the services that our residents require. Increasing the Homestead cap while lowering the effective tax rate to under \$2 by FY27 will not only present Baltimore as a more attractive option for new residents looking to move into the City but also help our long-term legacy residents who wish to remain.

FISCAL IMPACT

As drafted, this Bill would have minimal fiscal or administrative impact on DHCD.

AMENDMENTS

DHCD does not seek any amendments to this Bill at this time.

CITY OF BALTIMORE

BRANDON M. SCOTT
Mayor



DEPARTMENT OF LAW
EBONY M. THOMPSON, CITY SOLICITOR
100 N. HOLLIDAY STREET
SUITE 101, CITY HALL
BALTIMORE, MD 21202

February 12, 2026

The Honorable President and Members
of the Baltimore City Council
Attn: Executive Secretary
Room 409, City Hall
100 N. Holliday Street
Baltimore, Maryland 21202

Re: City Council Bill 26-0151 – Property Tax – Increase of Homestead Tax Credit Percentage

Dear President and City Council Members:

The Law Department has reviewed City Council Bill 26-0151 for form and legal sufficiency. The bill increases the homestead tax credit percentage for the taxable year beginning in July 2026 from 104% to 106%.

State law authorizes the Mayor and City Council of Baltimore on or before March 15 of any year to set the homestead credit percentage for the taxable year beginning the following July 1. *See* Md. Code, Tax-Prop., § 9-105(e)(3). The homestead credit percentage may not be less than 100% or exceed 110% for any taxable year and it must be expressed in increments of 1 percentage point. *See* Md. Code, Tax-Prop., § 9-105(e)(5). State law requires notification of the changes to the homestead tax credit percentage to the State Department of Assessments and Taxation (“Department”): “The Mayor and City Council of Baltimore City and the governing body of a county shall notify the Department of any action taken...on or before March 15 preceding the taxable year for which the action is taken.” Md. Code, Tax-Prop., § 9-105(e)(6).

The proposed increase of the homestead tax credit percentage in City Council Bill 26-0151 meets the legal requirements under state law. Assuming that proper notice will be provided to the Department following the enactment of City Council Bill 26-0151, the Law Department approves this bill for form and legal sufficiency.

Sincerely,

Desiree Luckey
Assistant Solicitor

cc: Ebony Thompson, City Solicitor
Hilary Ruley, Chief Solicitor, General Counsel Division
Jeff Hochstetler, Chief Solicitor
Ashlea Brown, Chief Solicitor
Michelle Toth, Assistant Solicitor

BALTIMORE CITY COUNCIL



BUDGET & APPROPRIATIONS COMMITTEE

26-0151

*Taxes - Property Tax - Increase of Homestead Tax
Credit Percentage*

Additional Materials

26-0151: Increase of Homestead Tax Credit

*Securing Baltimore's
Future*
Tax Reduction Strategy



Agenda

- 

1 *Tax Reduction Strategy*
- 

2 *Homestead Tax Credit*
- 

3 *Impact*
- 

4 *Discussion / Questions*

10-Year Financial Plan

Tax Reduction Strategy



Brandon M. Scott
Mayor

BM  RE BUDGET

10-Year Financial Plan Tax Reduction Strategy



Securing Baltimore's Future, the City's new 10-Year Financial Plan, prioritizes reducing the property tax rate and tax burden through three strategies:

1

Tax Rate Re-Alignment

- Utilize best practices already in use by other Maryland jurisdictions
- Largely cost-neutral to the City, and to individual homeowners

2

Direct Tax Relief

- Provide direct tax relief to existing residential homeowners
- Cost to the City, savings for homeowners

3

Protecting Vulnerable Residents

- Expand eligibility and boost enrollment in State Homeowner's and Renter's tax credits
- Cost to the State and City, savings for homeowners and renters



2026 Initiatives

To achieve these goals, the City is launching four initiatives in 2026:

1

Adjust the Homestead Tax Credit from 4% to 6% (Initiative 3.01)

- The current cap of 4% is significantly lower than other jurisdictions.
- Revenue generated from this change will fund initiative 3.02, lowering property taxes for the vast majority of Baltimore's homeowners.

2

Reduce Effective Residential Rate to \$1.99 in FY 27 (Initiative 3.02)

- The City will expand the Targeted Homeowners Tax Credit in Fiscal 2027 to achieve an effective tax rate below \$2.
- The reduced rate will offset the adjustment from Homestead Tax Credit for the majority of residents, who will not pay more than they would have under current policy.

3

Boost Enrollment in Tax Credits (Initiative 3.07)

- Analysis of U.S. Census and property assessment data indicates that thousands of eligible Baltimore residents are not currently enrolled.
- To close this gap, the City will partner with nonprofit organizations to identify and assist eligible households with enrollment.

4

Expand Eligibility for State Homeowners and Renters Tax Credits (Initiative 3.08)

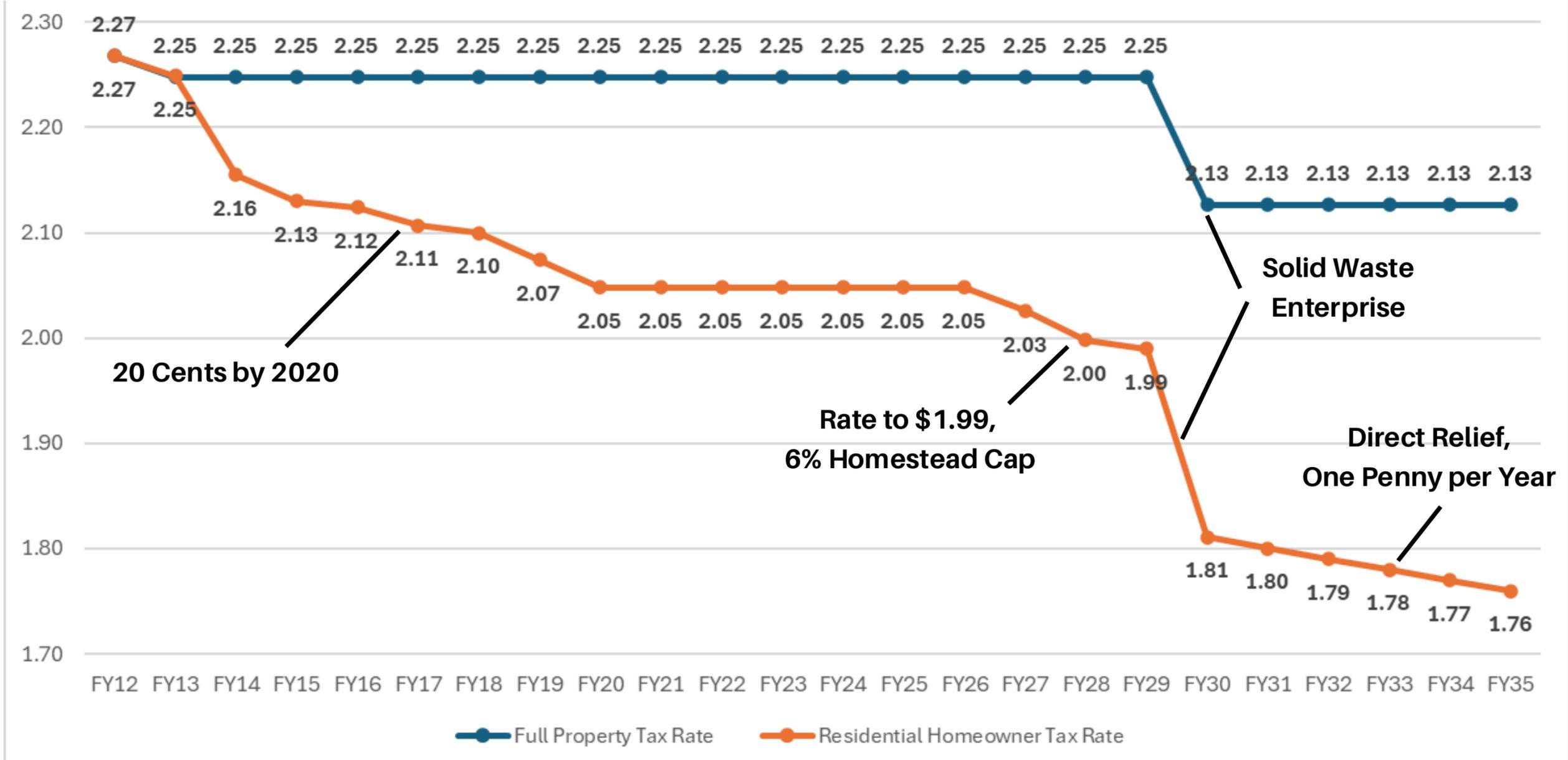
- Income eligibility for this tax credit hasn't been adjusted for inflation in nearly 20 years, resulting in estimated thousands of households losing access.
- The Baltimore City Administration is advocating to make this tax credit more accessible, and Mayor Scott has included this as one of his legislative priorities for the 2026 Maryland General Assembly Session.



Brandon M. Scott
Mayor

10-Year Financial Plan Impact

Building on the 20 Cents by 2020 Plan, these strategies would further reduce both the residential homeowners rate and the full tax rate.



10-Year Financial Plan Impact

The median residential homeowner would see significant savings over the 10-Year period.

	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>	<u>FY 29</u>	<u>FY 30</u>	<u>FY 31</u>	<u>FY 32</u>	<u>FY 33</u>	<u>FY 34</u>	<u>FY 35</u>	<u>Cumulative</u>
Assessed Value	125,000	130,000	135,200	140,608	146,232	152,082	158,165	164,491	171,071	177,914	
Assessment Growth		4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	
Annual Rate Reduction		0.028	0.020	0.010	0.000	0.010	0.010	0.010	0.010	0.010	
Cumulative Rate Reduction		0.028	0.048	0.058	0.058	0.068	0.078	0.088	0.098	0.108	
Taxes Owed - Baseline	2,560	2,662	2,769	2,880	2,995	3,115	3,239	3,369	3,504	3,644	30,736
Taxes Owed - Proposed	2,560	2,626	2,704	2,798	2,910	3,011	3,116	3,224	3,336	3,452	29,737
Difference	0	(36)	(65)	(82)	(85)	(103)	(123)	(145)	(168)	(192)	(999)

Note: median residential homeowner has a home assessed at \$125,000 that grows by 4% annually.



10-Year Financial Plan

Homestead Tax Credit



Brandon M. Scott
Mayor

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Background



1 Definition

The Homestead cap limits the annual increase in taxable real property assessments for eligible homeowners. This impacts the total value the property tax rate is applied to when calculating annual tax bills.

2 Eligibility

Applicants must certify to SDAT that the property is their single principal residence for the upcoming calendar year.

Baltimore City has approximately 75,000 eligible properties.

3 Local Authority

State law allows local jurisdictions to set the Homestead cap anywhere between 0% and 10%.

Baltimore City's Homestead cap is set at 4%.



Baltimore City Credit Calculation



The Homestead Tax Credit is calculated by comparing the actual assessed value of the property vs. the assessed value within the allowable Homestead Cap (4% for Baltimore City).

In effect, a homeowner is shielded from paying taxes on the amount of assessed property value that exceeds the 4% cap on an annual basis.

	Actual	Homestead
Assessment Year 1	\$100,000	\$100,000
Assessment Year 2	\$120,000	\$104,000
Tax Rate	2.248%	2.248%
Taxes Owed	\$2,698	\$2,338
Difference		\$360



Benchmarking

Baltimore City's Homestead cap is set at a lower level than most Maryland jurisdictions.

Among counties, Baltimore City's 4% Homestead cap is tied for the 20th lowest rate of the 24 counties.

Of Maryland municipalities with at least 10,000 residents, half have set their cap at the state maximum of 10% and only two have a cap lower than 4%.

Jurisdictions with higher Homestead caps can generally maintain lower property tax rates overall.

Maryland Counties	
County	Cap
State of Maryland	10%
Calvert	10%
Montgomery	10%
Somerset	10%
Charles	7%
Caroline	5%
Carroll	5%
Dorchester	5%
Frederick	5%
Garrett	5%
Harford	5%
Howard	5%
Kent	5%
Prince Georges	5%
Queen Anne's	5%
Washington	5%
Wicomico	5%
Allegheny	4%
Baltimore County	4%
Cecil	4%
Baltimore City	4%
St. Mary's	3%
Worcester	3%
Anne Arundel	2%
Talbot	0%

Maryland Municipalities		
Municipality	Cap	County
Gaithersburg	10%	Montgomery
Rockville	10%	Montgomery
Annapolis	10%	Anne Arundel
Laurel	10%	Prince Georges
Hyattsville	10%	Prince Georges
Takoma Park	10%	Montgomery
Easton	10%	Talbot
Aberdeen	10%	Harford
New Carrollton	10%	Prince Georges
Bel Air	10%	Harford
Bladensburg	10%	Prince Georges
Mount Rainier	10%	Prince Georges
Elkton	8%	Cecil
Westmister	7%	Carroll
La Plata	7%	Charles
Frederick	5%	Frederick
Bowie	5%	Prince Georges
Hagerstown	5%	Washington
Greenbelt	5%	Prince Georges
Havre de Grace	5%	Harford
Cambridge	5%	Dorchester
Cumberland	4%	Allegheny
Baltimore City	4%	Baltimore City
Mount Airy	3%	Carroll
College Park	0%	Prince Georges

Note: Municipality list includes all municipalities with population greater than 10,000.



Brandon M. Scott
Mayor

Current Impact

Higher-valued properties tend to experience greater growth in value and reap more benefit from the Homestead Tax Credit.

Top 10 Neighborhoods

Total Credit Amount
Fiscal 2025

Neighborhood	Total Credit Amount
Canton	\$1,782,957
Hampden	\$1,132,152
Riverside	\$892,885
Locust Point	\$526,625
Cheswolde	\$493,538
Roland Park	\$451,788
Homeland	\$404,188
Mount Washington	\$393,696
Guilford	\$252,236
Frankford	\$165,233

Top 10 Neighborhoods

% of Residential Properties Receiving
Fiscal 2025

Neighborhood	% of Residential Properties Receiving ATC
The Orchards	82.7%
Bellona-Gittings	78.8%
Cedarcroft	75.8%
Homeland	73.1%
Radnor-Winston	72.6%
Mayfield	72.2%
Guilford	71.2%
Pleasant View Gardens	70.4%
Original Northwood	69.0%
Evergreen	67.1%



10-Year Financial Plan

Impact



Brandon M. Scott
Mayor

BM  RE BUDGET

Impact to Residential Homeowners

To offset the impact to homeowners currently receiving the Homestead Tax Credit, the City will phase-in rate reduction through the Targeted Homeowners Tax Credit.

Fiscal 2027 General Fund Impact (in \$ millions)	
Homestead Cap Change from 4% to 6%	4.5
Effective Residential Tax Rate from \$2.04 to \$1.99	(8.3)
Net Impact	(3.8)

1 Increase Homestead Tax Credit Cap
 Increasing the Homestead Tax Credit cap from 4% to 6% is estimated to generate \$4.5M in additional revenue in Fiscal 2027.

2 Invest in Tax Rate Reduction for Homeowners
 Investing \$8.3M in the Targeted Homeowners Tax Credit (THTC) reduces the effective tax rate from \$2.048 to \$1.998 per \$100 assessed value.

This is equivalent to a **5-cent reduction in the effective tax rate** for eligible homeowners.

This cost will be partially offset from the additional revenue generated from increasing the Homestead Tax Credit cap to 6%.

Impact to Residential Homeowners

Scenario: Moderate Growth

Assessed Value: \$215,000
Gross Taxes: \$4,962

- ### Triennial Assessment Growth
- Fiscal 2026: 8%
 - Fiscal 2029: 6%

FY27 Estimated Tax Bill



Brandon M. Scott
Mayor

Moderate Growth Scenario: Details

Triennial Assessment

215,000

Triennial Growth

8.0%

6.0%

CURRENT - 4% Homestead Cap & THTC to \$2.048							
	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32
Gross Taxes	4,833	4,962	5,091	5,220	5,324	5,429	5,533
Homestead Tax Credit	0	0	0	0	0	0	0
Targeted Homeowners Tax Credit	(430)	(441)	(453)	(464)	(474)	(483)	(492)
Net Property Tax	4,403	4,521	4,638	4,755	4,851	4,946	5,041

PROPOSED - 6% Homestead Cap & THTC to \$1.99							
	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32
Gross Taxes	4,833	4,962	5,091	5,220	5,324	5,429	5,533
Homestead Tax Credit	0	0	0	0	0	0	0
Targeted Homeowners Tax Credit	(430)	(552)	(566)	(581)	(592)	(604)	(640)
Net Property Tax	4,403	4,410	4,525	4,639	4,732	4,825	4,893

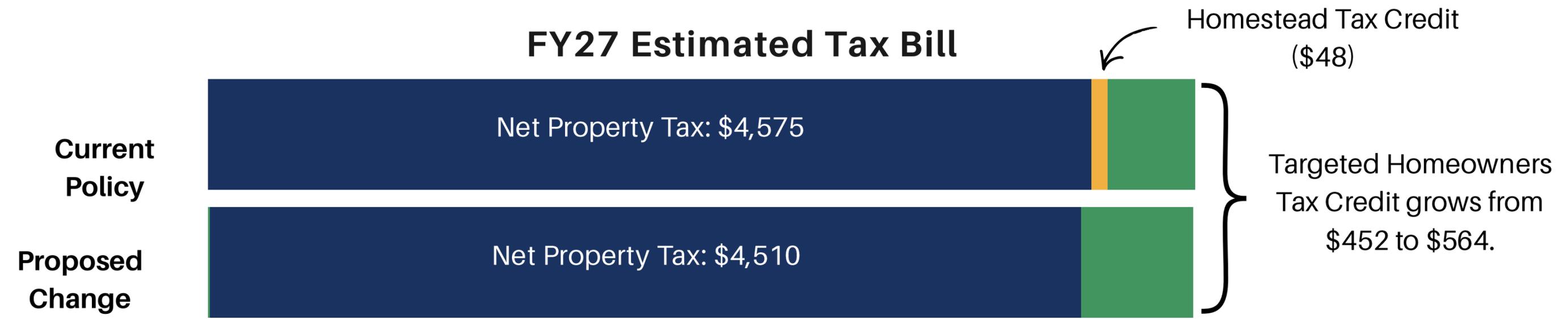
Year-by Year Difference	0	(110)	(113)	(116)	(118)	(121)	(148)
Cumulative Difference		(110)	(224)	(340)	(458)	(579)	(727)

Impact to Residential Homeowners

Scenario: High Growth

Assessed Value: \$215,000
Gross Taxes: \$5,075

- ### Triennial Assessment Growth
- Fiscal 2026: 15%
 - Fiscal 2029: 12%



High Growth Scenario: Details

Triennial Assessment **215,000**
 Triennial Growth **15.0%** **12.0%**

CURRENT - 4% Homestead Cap & THTC to \$2.04							
	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32
Gross Taxes	4,833	5,075	5,317	5,558	5,781	6,003	6,225
Homestead Tax Credit	0	(48)	(89)	(121)	(126)	(123)	(110)
Targeted Homeowners Tax Credit	(430)	(452)	(473)	(495)	(514)	(534)	(554)
Net Property Tax	4,403	4,575	4,755	4,942	5,140	5,346	5,562

PROPOSED - 6% Homestead Cap & THTC to \$1.99							
	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32
Gross Taxes	4,833	5,075	5,317	5,558	5,781	6,003	6,225
Homestead Tax Credit	0	0	0	0	0	0	0
Targeted Homeowners Tax Credit	(430)	(564)	(591)	(618)	(643)	(668)	(720)
Net Property Tax	4,403	4,510	4,725	4,940	5,138	5,335	5,505

Year-by Year Difference	0	(65)	(29)	(2)	(2)	(11)	(57)
Cumulative Difference		(65)	(94)	(96)	(98)	(109)	(166)

Impact to Residential Homeowners

85% of eligible homeowners will see the estimated Fiscal 2027 tax bill decrease under this strategy compared to the estimated Fiscal 2027 tax bill under the current law.

Estimated Impact to Residential Homeowners*			
<u>Impact</u>	<u># of Taxpayers</u>	<u>% of Taxpayers</u>	<u>Avg. Change</u>
Tax Decrease	64,218	85.1%	(\$58.04)
No Impact	10,807	14.3%	\$0.00
Tax Increase	<u>437</u>	<u>0.6%</u>	\$20.69
Total	75,462	100.0%	

*As of January 2026

- Over 75,000 residents are estimated to see no change or a reduction in their estimated Fiscal 2027 tax bill under this strategy.
 - Assessment increases for residents no longer receiving the Homestead will be offset by the reduced effective tax rate.
 - Eligible residents not currently receiving the Homestead Tax Credit will benefit from the full effect of the THTC.
- An estimated limited number of residents (437 or 0.6% of eligible homeowners) will pay more due to an unusual combination:
 - City law requires THTC rate calculated on the Improved assessed value rather than Total value
 - SDAT assessed these properties with more value on the Land than the Improvements

The Mayor is committed to hold harmless residents that may see an increase in their tax bill in Fiscal 2027 from these changes.



Brandon M. Scott
Mayor

Impact to Residential Homeowners

Additional legislation will be needed to address residents impacted from policy change.

- To ensure those homeowners do not pay more than they would on their estimated Fiscal 2027 tax bill under current law, additional legislation is required to adjust the THTC.
- This will require an additional \$9,043 in funding, that would be calculated on the tax bill to offset the estimated tax increase.
- BBMR is working with the Mayor's Office, Law Department, and Department of Legislative Reference to determine the requirements and draft legislation based on analysis of the calculation factors that has impacted these properties.
- Since the THTC does not go before the Board of Estimates until later in the spring, the Administration will introduce legislation to address this issue.

Additional Tax Relief Initiatives

The City will implement initiatives to provide additional tax relief, targeting lower-income homeowners and renters.

1

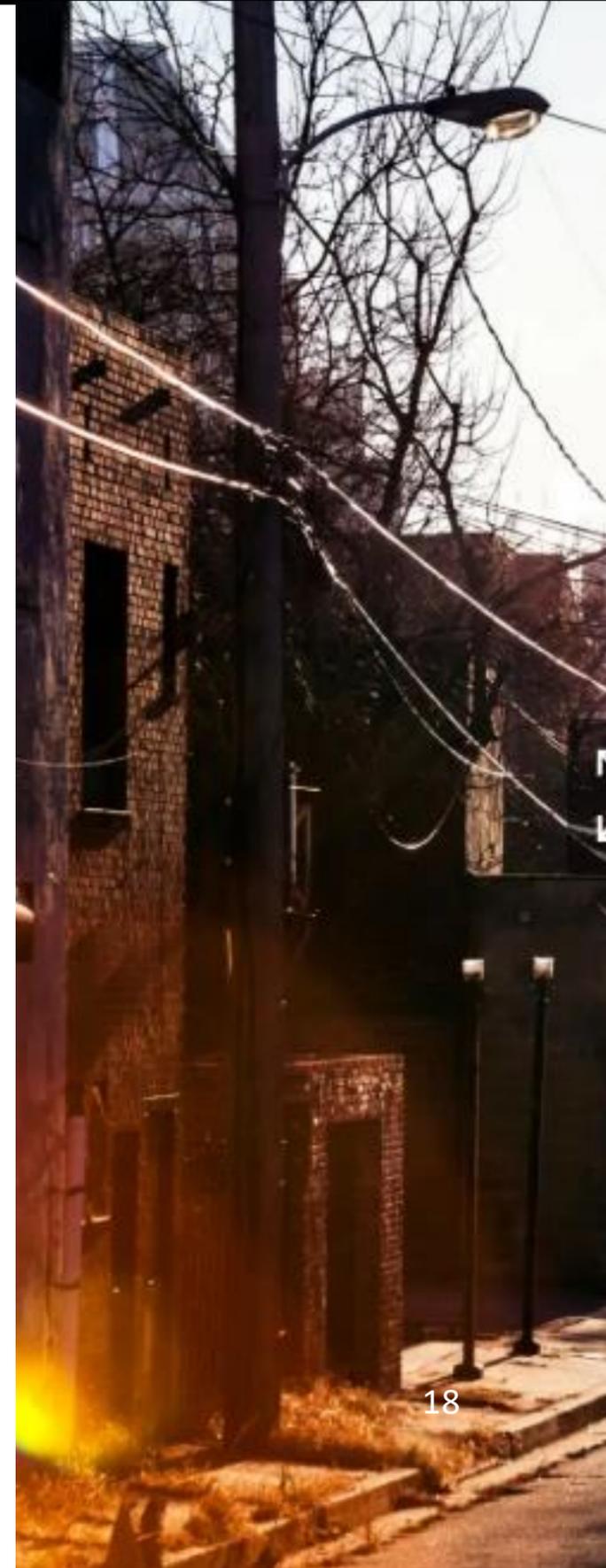
Boost Enrollment in State Homeowner's and Renter's Tax Credits

- Using Census tract and tax credit data, the City has identified areas where these tax credits may be underutilized--eligible residents are not receiving this benefit.
- The City will invest funds to partner with community groups to conduct targeted outreach, enrolling more residents in these tax credits.

2

Expand Eligibility for State Homeowner's and Renter's Tax Credits

- The number of households receiving these credits decrease over time.
- This may be because eligibility requirements, such as income and net-worth thresholds, have not been updated since 2006, despite growth in household incomes, property assessment values, and housing costs.
- The City is working with State partners to update these requirements in the 2026 General Assembly Session.



Questions?



Brandon M. Scott
Mayor

Appendix



Brandon M. Scott
Mayor

Homestead Credit Calculation



Each year, the State Department of Assessments and Taxation (SDAT) issues new assessments for approximately one-third of properties. Any increase in assessment is phased-in over a three year period.

- This means that if a property's triennial assessment increases by 8%, assessments would increase by 2.66% annually.

If the annual assessment increase percentage is greater than the Homestead Tax Credit cap, the assessment will only increase by the percentage of the cap.

- This means that if a property's triennial assessment increases by 14%, without the Homestead the assessment would increase by 4.66% annually.
- In Baltimore City, where the Homestead cap is 4%, the assessment would increase by 4% annually.

To be eligible for this credit, residents must submit an application to SDAT certifying that the property is their principal residence.



Moderate Growth Scenario: Details

Triennial Assessment	215,000						
Triennial Growth	8.0%			6.0%			
CURRENT - 4% Homestead Cap & THTC to \$2.048							
	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32
Assessment (Full)	215,000	220,733	226,467	232,200	236,844	241,488	246,132
Assessment (for ATC)	215,000	223,600	229,563	235,525	241,488	246,318	251,148
Assessment (Taxable)	215,000	220,733	226,467	232,200	236,844	241,488	246,132
Full Tax Rate	2.248%	2.248%	2.248%	2.248%	2.248%	2.248%	2.248%
Gross Taxes	4,833	4,962	5,091	5,220	5,324	5,429	5,533
Homestead Tax Credit	0	0	0	0	0	0	0
Targeted Homeowners Tax Credit	(430)	(441)	(453)	(464)	(474)	(483)	(492)
Net Property Tax	4,403	4,521	4,638	4,755	4,851	4,946	5,041
PROPOSED - 6% Homestead Cap & THTC to \$1.99							
	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32
Assessment (Full)	215,000	220,733	226,467	232,200	236,844	241,488	246,132
Assessment (for ATC)	215,000	227,900	241,574	256,068	271,433	287,718	304,982
Assessment (Taxable)	215,000	220,733	226,467	232,200	236,844	241,488	246,132
Full Tax Rate	2.248%	2.248%	2.248%	2.248%	2.248%	2.248%	2.248%
Gross Taxes	4,833	4,962	5,091	5,220	5,324	5,429	5,533
Homestead Tax Credit	0	0	0	0	0	0	0
Targeted Homeowners Tax Credit	(430)	(552)	(566)	(581)	(592)	(604)	(640)
Net Property Tax	4,403	4,410	4,525	4,639	4,732	4,825	4,893
Year-by Year Difference	0	(110)	(113)	(116)	(118)	(121)	(148)
Cumulative Difference		(110)	(224)	(340)	(458)	(579)	(727)

High Growth Scenario: Details

Triennial Assessment **215,000**
 Triennial Growth **15.0%** **12.0%**

CURRENT - 4% Homestead Cap & THTC to \$2.04							
	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32
Assessment (Full)	215,000	225,750	236,500	247,250	257,140	267,030	276,920
Assessment (for ATC)	215,000	223,600	232,544	241,846	251,520	261,580	272,044
Assessment (Taxable)	215,000	223,600	232,544	241,846	251,520	261,580	272,044
Full Tax Rate	2.248%	2.248%	2.248%	2.248%	2.248%	2.248%	2.248%
Gross Taxes	4,833	5,075	5,317	5,558	5,781	6,003	6,225
Homestead Tax Credit	0	(48)	(89)	(121)	(126)	(123)	(110)
Targeted Homeowners Tax Credit	(430)	(452)	(473)	(495)	(514)	(534)	(554)
Net Property Tax	4,403	4,575	4,755	4,942	5,140	5,346	5,562

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Assessment (for ATC)	215,000	227,900	241,574	256,068	271,433	287,718	304,982
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Full Tax Rate	2.248%	2.248%	2.248%	2.248%	2.248%	2.248%	2.248%
Gross Taxes	4,833	5,075	5,317	5,558	5,781	6,003	6,225
Homestead Tax Credit	0	0	0	0	0	0	0
Targeted Homeowners Tax Credit	(430)	(564)	(591)	(618)	(643)	(668)	(720)
Net Property Tax	4,403	4,510	4,725	4,940	5,138	5,335	5,505

Year-by Year Difference 0 (65) (29) (2) (2) (11) (57)

Cumulative Difference (65) (94) (96) (98) (109) (166)

Historical Assessment Data by Group

Group 1		
Fiscal Year	Triennial	Annual
2011	-2.6%	-0.9%
2014	-3.1%	-1.0%
2017	10.9%	3.6%
2020	8.4%	2.8%
2023	6.6%	2.2%
2026	17.4%	5.8%
Average	6.3%	2.1%
Median	7.5%	2.5%

Group 2		
Fiscal Year	Triennial	Annual
2012	-8.7%	-2.9%
2015	7.0%	2.3%
2018	6.2%	2.1%
2021	9.1%	3.0%
2024	21.6%	7.2%
2027	10.5%	3.5%
Average	7.6%	2.5%
Median	8.1%	2.7%

Group 3		
Fiscal Year	Triennial	Annual
2010	20.9%	7.0%
2013	-6.8%	-2.3%
2016	9.6%	3.2%
2019	3.6%	1.2%
2022	4.1%	1.4%
2025	17.9%	6.0%
Average	8.2%	2.7%
Median	6.9%	2.3%