



CITY OF BALTIMORE  
MAYOR BRANDON M. SCOTT

<b>TO</b>	The Honorable President and Members of the Baltimore City Council
<b>FROM</b>	Alice Kennedy, Commissioner, Housing and Community Development
<b>CC</b>	Mayor's Office of Government Relations
<b>DATE</b>	February 12, 2026
<b>SUBJECT</b>	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 30<sup>th</sup> 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.