

## **Homestead Property Tax Credit**

### **Program Purpose and Description**

This program was designed to limit the amount of the annual increase in taxable assessments for eligible owner occupied properties. The program dates back to the late 1970's, a period of rapid escalation in property values. State law requires each Maryland local government to establish a limit on how much owner occupied residential taxable assessments may increase each year. The program protects homeowners from increases in taxable assessment above the level established by local law, or 10%, if no local action is taken. In the early 1990's, the City established the annual cap at 4% and it continues to be set at 4% today. The credit is applied against the taxes due on the portion of the reassessment exceeding the 4% homestead cap. The credit is applied directly to the property owner's tax bill.

### **Application Process:**

Legislation enacted by the 2007 session of the General Assembly requires homeowners to submit a one-time application in order to continue their eligibility for the homestead tax credit. The primary reason for this change in law was due to the fact that some property owners were improperly receiving the credit on vacation homes and rental properties.

The Maryland Department of Assessments and Taxation (SDAT) is administering this application process. The application was included in the Assessment Notices that were mailed to one-third of the property owners in the City on December 28, 2007.

**Homeowners whose properties are not subject to reassessment this year can elect to wait until their properties are reassessed in the coming two years (2009 and 2010) to submit an application.** New property purchasers will be mailed an application after the property is transferred; the property owner must file the application within 180 days following the date the dwelling is transferred to them (applicable for any transfer that takes place after December 31, 2007). For any dwelling that was transferred to new ownership on or before December 31, 2007, an application must be filed before December 31, 2012.

If you would like to submit an application on-line, or if you have further questions, refer to SDAT's website at [www.dat.state.md.us](http://www.dat.state.md.us). Please note that the application will require you to provide your Social Security number in order to track the properties statewide, as many names are similar.

### **State Contact Information:**

[www.dat.state.md.us](http://www.dat.state.md.us)

410-767-2165 in the Baltimore metropolitan area

866-650-8783 toll-free elsewhere in Maryland

### **City Contact Information:**

410-396-3987, Collections Call Center

Legal Reference

- State legislation - Annotated Code of Maryland, Tax Property Article, Section 9-105 (2004, Chapter. 43, § 1; Chapter 501).
- Baltimore City Code, Article 28-Taxes, Section 10-1 (Ordinance 92-156).