

# PRINCE GEORGE'S COUNTY GOVERNMENT

## OFFICE OF MANAGEMENT AND BUDGET

Prince George's County Council  
Wayne K. Curry County Administration Building  
1301 McCormick Drive  
Largo, Maryland 20774

### Fiscal Impact Statement for CB-074-2025

**Title:** An ACT concerning the Homestead Property Tax Credit, for the purpose of establishing the credit for the County property tax for the taxable year beginning July 1, 2026 (FY 2027).

**CEX Proposed:** Yes

**Date introduced:** 10/14/2025

**Summary:** The bill proposes to increase the Homestead Tax Credit limit by 3% (i.e., 103% of the assessable real property base). Although Counties are authorized to set a limit between 100% and 110% of the current base, the County Charter limits the increase to the lesser of inflation or 5%. At 3%, it is estimated that this will raise \$36.9 million in real property tax revenue in FY 2027 and beyond. A new Homestead Tax Credit limit will be set for FY 2028 and each subsequent fiscal year.

Estimates <sup>1</sup>	FY 2027	FY 2028	FY 2029	FY 2030
Total Change in Expenditures <sup>2</sup>	0	0	0	0
Total Change in Revenues <sup>2</sup>	\$36,872,000	\$36,872,000	\$36,872,000	\$36,872,000
Positions Required <sup>3</sup>	0	0	0	0
Compensation & Fringe <sup>4</sup>	0	0	0	0
Operating Expenses <sup>5</sup>	0	0	0	0
Total Impact <sup>6</sup>	\$36,872,000	\$36,872,000	\$36,872,000	\$36,872,000

### <sup>1</sup>Sources of information, assumptions, and methodologies used

The Office of Management and Budget reviewed the language of the legislation being proposed. Section 9-105 of the Tax Property Article of the Annotated Code of Maryland allows Counties to set a Homestead Tax Credit limit between 100% and 110% of the assessable real property base. However, Article VIII Section 812(d) of the County Charter stipulates that the homestead tax credit shall be, in effect, the lesser of growth in CPI or 5% rounded to the nearest whole number. The Consumer Price Index (CPI) for Urban Consumers for June 2025 was 2.67% higher than June 2024, which rounds up to 3%.

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**<sup>2</sup>Estimate of changes in County revenues and expenditures regardless of whether the revenues or expenditures are assumed in a recommended or approved budget**

The current tax rate is \$1.00 per \$100 of assessed value. According to the State Department of Assessments & Taxation, the FY 2026 real property assessable base is estimated at \$136.5 billion of which the County has \$13.5 billion of unused assessable base from all prior Homestead Tax Credit limitations. This results in an adjusted base of \$122.9 billion. Multiplying the adjusted by 3% yields an increase of \$36.9 million in additional real property tax revenue for FY 2027 and all subsequent tax years. A new Homestead Tax Credit level will be set for FY 2028 and each subsequent year. SDAT estimates that the County has \$139.6 million in unused real property revenue due to the ongoing effect of annual Homestead Tax Credit limits.

**<sup>3</sup>An estimate of additional staff and resources needed to implement the legislation**

N/A

**<sup>4</sup>Analysis of the full personnel cost of the legislation**

N/A

**<sup>5</sup>An explanation of revenue or expenditures that are uncertain or difficult to project**

The level of Homestead Tax Credit limits in FY 2028, FY 2029, and FY 2030 cannot be projected because the rate of inflationary growth in future fiscal years is not known.

**<sup>6</sup>If the legislation is likely to have no fiscal impact, why that is the case**

N/A