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Maryland Homestead Property Tax Break

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Maryland homeowners eligible for the Maryland Homestead Property Tax Credit need to file a one-time application by December 31st with the State in order to continue to take advantage of this benefit. The Maryland Homestead Property Tax Credit acts as a cap on the increase in property taxes a homeowner can face as the result of a property value's reassessment. The cap varies by jurisdiction. For example, in Baltimore City and Baltimore County the cap is 4% per year.

This tax break is available only for one property actually used as the property owner's principal residence. Previously, the Homestead Credit was automatic. However, in an effort to thwart the Homestead Credit from going toward vacation homes or property rentals, in 2007 the Maryland General Assembly imposed a formal application process, whereby homeowners need to submit a one-time application by December 31, 2012 to establish eligibility for the Homestead Credit.

If a homeowner fails to submit the application by the end of this year, however, all is not lost. Once the homeowner submits the application, the Homestead Credit will apply for the following tax year. However, the homeowner will be stuck paying the full property tax bill for the prior fiscal year(s).

To find out whether an application has been filed for a residence visit here. Once at the website, choose the property's county, click "street address" and type in the address. Remember not to enter the street name's suffix (such as Avenue, Street, and Lane). Then scroll down to the bottom of the screen and check the status under "Homestead Application Information".

If an application has not been filed, the homeowner can [apply online](#), if the homeowner has the property's access number (which can be found on the Homestead Credit application sent to homeowners with a reassessment notice). A homeowner can request a property's access number by emailing before November 30th or by calling 410.767.2165.

Alternatively, a homeowner can [print the application](#) and either fax the completed application to 410.225.9344 or mail it to the State Department of Assessments and Taxation ("SDAT"). The address is on the application.

[Click here for additional information.](#)

Example of the Homestead Tax Credit:

The Homestead Credit does not limit the market value of the property as determined by SDAT. Instead, it is actually a credit calculated on any assessment increase exceeding 10% (or the lower cap enacted by the local governments) from one year to the next. The credit is calculated based on the 10% limit for purposes of the State property tax, and 10% or less (as determined by local governments) for purposes of local taxation. In other words, the homeowner pays no property tax on the market value increase which is above the limit.

Assume that the applicable Homestead Credit is 10%, that your old assessment was \$100,000 and that your new phased-in assessment for the 1st year is \$120,000. An increase of 10% would result in an assessment of \$110,000. The difference between \$120,000 and \$110,000 is \$10,000. The tax credit would apply to the taxes due on the \$10,000. If the tax rate was \$1.04 per \$100 of assessed value, the benefit resulting from the Homestead Credit would be \$104 ($\$10,000 \div 100 \times \1.04).