

Climate Assessment

Office of Legislative Oversight

Bill 3-25: Homeowners' Property Tax Credit – County Supplement – Amendments

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 3-25 will have a minimal impact on the County's climate resilience as it proposes an expansion to an existing property tax credit for homeowners that could help lower cost-burdened households' spending on housing and allow these households to have more cash on hand to better withstand extreme weather events.

BACKGROUND AND PURPOSE OF BILL 3-25

The County levies a real estate property tax on residential property owners. A property tax credit directly reduces the amount of tax owed by eligible homeowners. Taxpayers determine their final tax liability by subtracting applicable credits from their total tax obligation.¹ Policymakers use property tax credits to provide financial relief to homeowners and incentivize certain behaviors. However, these credits also reduce overall tax revenue available for other public goods (i.e., commodities and services that benefit all members of the public).

The County offers various property tax credits for homeowners, including a local supplement to the State's Homeowner's Property Tax Credit (HOTC).² The State's HOTC is available to applicants with a total income under \$60,000 and a net worth below \$200,000.³ The credit applies to the first \$300,000 of assessed value and is structured progressively by providing larger credits on their property taxes to lower income households.⁴ Under state law ([Tax-Property § 9-215](#)), the County may adjust the income and net worth criteria, the amount of the County supplement, the portion of assessed value eligible for the credit, and the credit calculation based on a sliding scale tied to the homeowner's income level.⁵

Bill 3-25 aims to expand eligibility for the County's supplement to the HOTC by:⁶

- Raising the combined income eligibility level from \$60,000 to \$75,000;
- Increasing the net worth criteria from \$200,000 to \$250,000; and
- Expanding the assessed value from \$300,000 to \$375,000.

Additionally, the Bill would maintain the progressive structure of the property tax credit, while increasing the amounts for each gross income threshold. All dollar amounts specified in the Bill would be adjusted annually by the Consumer Price Index for All Urban Consumers (CPI-U) for the Washington-Arlington-Alexandria Core Based Statistical Area.⁷

The Council introduced Bill 3-25 on February 11, 2025.

ANTICIPATED IMPACTS

Alleviating cost-burdened households may improve community resilience.⁸ Cost-burdened households, which are those that spend over 30% of their income on housing, generally have less cash on hand to weather shocks, such as extreme weather events, compared to households that are not cost-burdened.⁹ By expanding the eligibility for the Homeowner's Property Tax Credit, more households who may be cost-burdened can qualify and could lower the amount of their income they spend on housing. However, OLO cannot determine the amount of households in the County who would both qualify for the property tax credit and if the tax credit would decrease their housing payments below 30% of their income.

As the Bill proposes changes that would expand an existing property tax credit for homeowners, OLO anticipates Bill 3-25 will have a minimal impact on the County's community climate resilience.

RECOMMENDED AMENDMENTS

The Climate Assessment Act requires OLO to offer recommendations, such as amendments or other measures to mitigate any anticipated negative climate impacts.¹⁰ OLO does not offer recommendations or amendments as Bill 3-25 is likely to have no impact on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions, community resilience, and adaptative capacity.

CAVEATS

OLO notes two caveats to this climate assessment. First, predicting the impacts of legislation upon climate change is a challenging analytical endeavor due to data limitations, uncertainty, and the broad, global nature of climate change. Second, the analysis performed here is intended to inform the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

PURPOSE OF CLIMATE ASSESSMENTS

The purpose of the Climate Assessments is to evaluate the anticipated impact of legislation on the County's contribution to addressing climate change. These climate assessments will provide the Council with a more thorough understanding of the potential climate impacts and implications of proposed legislation, at the County level. The scope of the Climate Assessments is limited to the County's contribution to addressing climate change, specifically upon the County's contribution to greenhouse gas emissions and how actions suggested by legislation could help improve the County's adaptative capacity to climate change, and therefore, increase community resilience.

While co-benefits such as health and cost savings may be discussed, the focus is on how proposed County bills may impact GHG emissions and community resilience.

CONTRIBUTIONS

OLO staffer Kaitlyn Simmons drafted this assessment.

¹ ["Policy Basics: Tax Exemptions, Deductions, and Credits"](#), Center on Budget and Policy Priorities, November 24, 2020.

² For a list of property tax credit programs, see Department of Finance [Tax Expenditure Reports](#)

³ Christine Wellons, *Memorandum to County Council on Bill 3-25*, February 6, 2025, in *Introductory Staff Report for Bill 3-25 - Homeowners' Tax Credit - County Supplement - Amendments*, <https://apps.montgomerycountymd.gov/ccllms/BillDetailsPage?RecordId=2856&fullTextSearch=3-25>.

⁴ Montgomery County Council, "Committee Introduces Bill to Increase Eligibility for Homeowners Property Tax Credit," news release, February 11, 2025, https://www2.montgomerycountymd.gov/mcgportalapps/Press_Detail.aspx?Item_ID=46554&Dept=1.

⁵ Wellons, *Memorandum on Bill 3-25*.

⁶ Montgomery County Council, "Committee Introduces Bill to Increase Eligibility for Homeowners Property Tax Credit,"

⁷ Montgomery County Council, *Introductory Staff Report for Bill 3-25 - Homeowners' Tax Credit - County Supplement - Amendments*, February 11, 2025, <https://apps.montgomerycountymd.gov/ccllms/BillDetailsPage?RecordId=2856&fullTextSearch=3-25>

⁸ [The Community Resilience Benchmarks](#), Alliance for National and Community Resilience, Accessed 2/25/2025.

⁹ ["Equitable Adaptation Legal & Policy Toolkit: Resilient Affordable Housing, Anti-Displacement & Gentrification"](#), Georgetown University Climate Center, Accessed 2/25/2025.

¹⁰ Bill 3-22, Legislative Branch – Climate Assessments – Required, Montgomery County Council, Effective date October 24, 2022