

## The HB581 Property Tax Conundrum

### 2/28/2025 - Update

At the 2/24/2025 Monday Council Meeting an extremely rare 3 to 2 tie breaking vote by the Mayor (I believe this is the only vote in which the Mayor participated this year!) defeated Councilpersons Carn and McKenzie's attempt to Opt Out of the Homestead Property tax cap. Undeterred, Councilperson Carn was successful in scheduling a "Do Over" vote on the last possible day to Opt Out, Friday, 2/28/2025. Not only did Councilperson Arnold (who attended Monday's meeting remotely) claim that her vote was an error and reversed it, but Councilperson Gay who physically attended Monday, also reversed his vote. **Thus, in a unanimous vote (Mayor excluded) the Council re-voted to NOT allow the the benefit to home owners of a property tax increase cap, (tied to the CPI).**

2/22/2025

**If the City does NOT opt out,** HB581 **caps** a **Homestead** homeowner's property tax increase at the annual rate of growth of the CPI (Consumer Price Inflation index), from the previous year. I.e., your home's property tax does not go up any more than last year's rate of inflation (instead of at the rate of escalating house prices) - assuming that the millage rate stays the same. The new law does so by increasing your Homestead Exemption by an amount which is just enough to offset the effect of any increase in assessed valuation that is greater than the CPI.

**So why would the College Park City Council consider voting to opt out, when it eases the tax burden on their homeowner constituents?**

The homestead exemption only applies to **homeowners**. College Park is 75% apartment residences. Most of our **property** tax revenue comes from businesses and apartment building owners. Only residents can vote for council members. So the largest percentage of voters aren't helped by the exemption. **Other things being equal,** lower property tax revenue from homeowners will be replaced by higher property tax revenue on businesses and apartment building owners. Higher taxes on apartment owners mean higher rent for apartment renters/voters. So some tax burden is shifted from resident homeowners. Businesses and apartment building owners can't vote, however they can and do contribute to political campaign funds, as can apartment renters. As a homeowner, I believe that we have more of a commitment to the future of the City than a transient renter, and for many of us, particularly seniors, our home is our greatest asset. We don't want to lose it due to not being able to pay property taxes.