Howard County, Maryland

Tax Credit Commission Report

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November 2, 2026

Prepared for the County Executive

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Purpose and Charge

County Executive Calvin Ball established the temporary Commission to Review Tax Credits and Deferrals for Older Adults, Disabled Individuals, and Retired Military through Executive Order 2026-11. The Commission was charged to:

- Review all of the tax credits and deferrals offered to older adults, elderly disabled individuals, and retired military;
- Make recommendations on any changes to those credits and deferrals; and
- Make recommendations on ways the County can better advertise and educate the public about these credits and deferrals

The Commission is to submit its findings and recommendations to the County Executive by November 2, 2026.

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Executive Summary

Created by Executive Order 2026-11, the Commission reviewed tax credits and deferrals for older adults, adults with disabilities, and retired military service members. Its charge also includes recommending program changes and ways to improve public education and outreach. Findings and recommendations are due to the County Executive by November 2, 2026.

The Commission met nine times during August – October 2026, and reviewed the County's demographic data, property tax provisions, various tax credits and exemptions, and the service needs of the targeted population (older adults, adults with disabilities, and retired military service members). The Commission concluded that Howard County should evaluate property tax relief and direct services together as it responds to a rapidly growing older adult population with complex needs. The Commission recommends making services for older adults a budget priority, extending Aging in Place benefits through a sliding scale, seeking greater flexibility in local legislation under State law, and improving public awareness of available assistance.

Residents age 65 and older are projected to account for 23.3% of Howard County's population by 2040, compared with 7.5% in 2000. The County is also home to approximately 20,000 veterans, active-duty personnel, Reservists, and National Guard members. Growing demand for nutrition assistance, in-home support, transportation, caregiver assistance, and social connection makes the balance between tax relief and service funding increasingly important.

In Fiscal Year (FY) 2026/Tax Year (TY) 2025, nearly 120,000 tax credits and exemptions reduced County revenue by approximately $44 million, including $37 million in General Fund revenue. Property taxes (46.3%) are the County's largest revenue source. Slowing housing-price growth, limited new residential construction, and challenges to commercial property expansion constrain the resources available for both tax relief and public services.

The Commission recommends:

1. Evaluate Tax Relief and Services Holistically. Make older adult services a policy priority and assess credits and direct services by their costs, reach, and contributions to financial stability and independence. Tax relief helps eligible homeowners with housing expenses; direct services address needs such as food insecurity, functional limitations, and caregiver strain.

2. Extend Aging in Place Credit Term with A Sliding Scale. Consider replacing the current 20% credit for 10 years with a 20-year benefit: 10% of assessed County property taxes in the first 10 years and 20% in the second 10 years, as challenges to stability and independence increase as this population ages. County staff estimates the total impact at $97.2 million over 10 years and $239.5 million over 25 years, compared with $91.3 million and $176.6 million under current law, providing longer direct relief to and increased need for support services. The supporting projection periods and figures require reconciliation before final issuance.

3. No Modifications to Senior Tax Credits and Tax Deferrals: No programmatic changes are deemed necessary for the Senior Tax Credit or the Tax Deferral programs at this time.

4. Seek Greater State Flexibility. Work with the State to increase flexibility in enabling legislation for tax credits and fees to better meet local needs, including potential portability of the Aging in Place credit when an eligible homeowner moves to another primary residence within Howard County.

5. Improve Outreach and Access. Use accessible print and digital materials, utility-bill inserts, library resources, County television, and trusted service providers to explain available programs and application requirements.

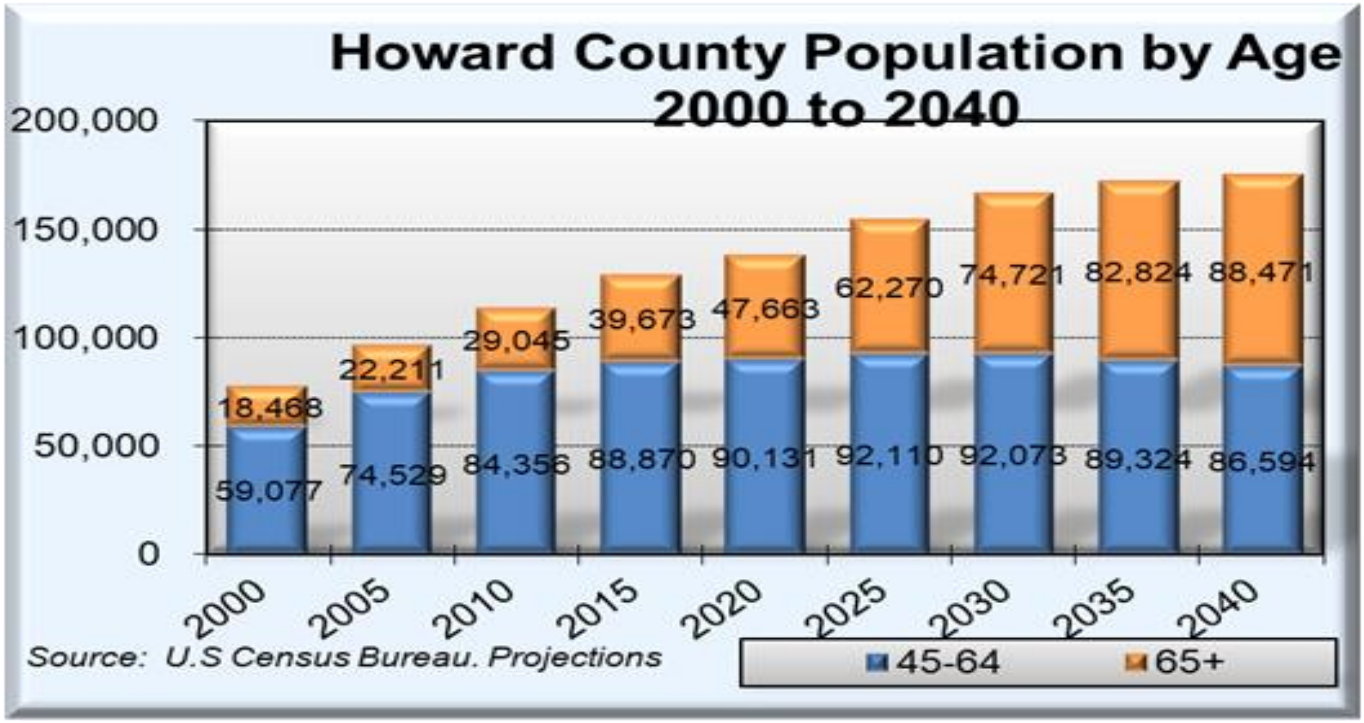
I. Older Adult and Veteran Populations

A. Older Adult Population

The share of adults age 65 and older has grown rapidly nationwide, increasing from 12.4% of the U.S. population in 2004 to 18.9% today. National projections indicate that older adults will account for 23.4% of the U.S. population by 2060.

Howard County is experiencing this demographic shift at an accelerated pace. Adults age 65 and older accounted for 7.5% of the County's population in 2000 and 14.3% in 2020. According to the Department of Planning and Zoning (DPZ), this share is projected to reach 23.3% by 2040; nearly identical to the national projection for 2060. In other words, Howard County is projected to reach this demographic milestone 20 years ahead of the nation. Between 2000 and 2040, the County's population age 65 and older is projected to grow by 379% and account for 53% of total population growth. Even between 2025 and 2040, this population is expected to increase by 42%, underscoring the urgency of planning for the growing demand for services, supports and age-friendly infrastructure.

Chart 1. Howard County Population by Age, 2000–2040



Source: Department of Planning and Zoning graphic using U.S. Census Bureau data and projections.

B. Veteran Population

Howard County is home to approximately 20,000 veterans, active-duty personnel, Reservists, and National Guard members. A total of 5,521 of these veterans have a service-connected disability rating between 20% and 100%.

Chart 2 presents the age and sex distribution of veterans, using 2023 data. Comparable data for active-duty personnel, Reservists, and National Guard members are not currently available.

Chart 2. Veteran Population by Age and Sex

Age Range	Sex	Number of Veterans
17–44	Female	968
45–64	Female	1,334
65–84	Female	527
85+	Female	11
17–44	Male	2,941
45–64	Male	5,006
65–84	Male	4,989
85+	Male	1,095

II. Property Tax and Tax Credit Overview

In FY 2026/TY 2025, the County issued nearly 120,000 tax credits and exemptions to individuals, households, or businesses, reducing revenue by $44 million. Most of this affected the General Fund, which waived $37 million in revenue from nearly 62,000 eligible credits.

Tax credits and exemptions reduce the revenue due from property taxes, the County's largest revenue source (46.3%), which support education, public safety, and other critical community services. Future property tax growth is showing signs of weakening. While median home sale prices rose approximately 2.5% in 2025, new construction is at a 20-year low, and commercial property growth remains slow. Maryland's three-year assessment phase-in already spreads assessed increases in taxable value over time, limiting revenue growth even when prices rise. Mortgage rates, affordability concerns, limited housing supply, and potential federal changes create uncertainty about future assessments and the County's capacity to meet rising and competing service needs.

TY 2025 includes revenue reductions of $25.0 million for Homestead credits across the General Fund and Fire Fund, $6.5 million for Aging in Place, approximately $528 thousand for the Senior Tax Credits, and $7.9 million from disabled veteran exemptions.

III. Tax Credits and Deferrals for Older Adults, Veterans, and Disabled Adults

The County offers the following tax relief programs for older adults, residents with disabilities, and veterans.

Chart 3. Selected Tax Credits and Reported FY 2026 Amounts

Credit Name	Number of Accounts Helped	FY26 Amount	Target Population
Senior Tax Credit	499	$528,630	Older adults meeting income eligibility requirements
Aging in Place (AIP)	6,257	$6,476,579	Older adult homeowners, retired military and disabled veterans
Tax Deferral	0	$0	Senior citizens or totally/permanently disabled homeowners
Property Tax Exemption for Disabled Veterans	1,229	$7,982,379	Disabled veterans and surviving spouses
Livable Homes Credit	27	$55,535	Homeowners installing accessibiltiy features
Trash Bay and Watershed Hardship Credit	668	$1,399,006	Residents experiencing financial hardship

A. Senior Tax Credit (HCC § 20.129) ($0.5 million in FY26)

Applicants must be at least 65 years old as of June 30 in the applicable tax year. Their combined household income must be below 500% of the Federal Poverty Guidelines for a two-person household for tax year 2025, which is $108,200. The household's combined net worth must not exceed $827,200 as of December 31, 2025, for tax year 2026. Applications are required annually. The total tax credit equals 25% of the County tax after the homestead credit and all other eligible credits are applied.

B. Aging in Place Credit (HCC § 20.129E) ($6.5 million in FY26)

Eligible applicants include homeowners aged 65 or older as of June 30 who have lived in their home for at least 30 years; homeowners aged 65 or older who are retired from uniformed services; active-duty, retired, or honorably discharged service members with a service-connected disability rating of 75%–99%; and eligible

surviving spouses. The current credit equals 20% of eligible County property taxes for 10 years and requires annual attestation.

C. Tax Deferral (HCC § 20.125)

Applicants must be at least 65 years old or permanently and totally disabled, must have lived in the home for at least five consecutive years, and must have a household income of $75,000 or less. Eligible homeowners may defer the portion of County property taxes that exceeds the amount they paid in the previous taxable year. $19,747 additional deferrals are reported in FY 2026 associated with prior-year deferrals.

D. Property Tax Exemption for Disabled Veterans ($7.9 million in FY26)

The State applies this exemption before initial County tax billing. Eligible veterans must own and occupy the property as their principal residence and have a VA-determined 100% permanent and total service-connected disability or be rated permanently unemployable. Note: of the $10.2 million forgone county revenues, $7.9 million was directly exempted by the State, hence excluded from the County's annual report of tax deferrals and credits.

E. Livable Home Credit (HCC § 20.129C) ($55 thousand in FY26)

The Livable Homes Tax Credit is available to all homeowners who make qualifying accessibility improvements or complete an age-friendly assessment within the 12 months prior to applying, with eligible out-of-pocket costs exceeding $500 that are not reimbursed by any other source. Applicants must provide permits where required. The credit can total up to $2,500 and is limited to one application per property per tax year. It is a one-time, nonrenewable credit, with any unused amount applied to future tax bills until fully used. Eligible features include a wide range of structural and accessibility modifications, such as no step entrances, wider doorways and hallways, bathroom accessibility upgrades, mobility devices, ADA compliant pathways, sensory friendly alarms, and other improvements that enhance safety and aging-in-place readiness.

F. Trash, Bay, and Watershed Hardship Credit (HCC § 20.904 & § 20.1109) ($1.3 million in FY26)

The Hardship Credit is available to all homeowners who meet its financial hardship criteria; it is not limited to other population demographics. Applicants must own and reside in the eligible residential property or mobile home as of July 1 of the application year and have a household income at or below 250 percent of the federal poverty level, ranging from a maximum of $39,900 for a one-person household to $139,300 for an eight-person household. The amount of the credits is 60% of the Trash Fee and Watershed Protection Fee and 100% of the Bay Fee. Additionally, there is a separate exemption of the Bay Fee for renters.

IV. County Resident Service Needs and Unmet Demand

The service needs of older adults, veterans, and adults with disabilities go beyond tax relief. These tax credit programs provide important financial assistance to eligible residents, particularly older adults and adults with disabilities who may be living on fixed incomes. At the same time, waived County revenue affects the resources available to support public safety, education, infrastructure, housing, behavioral health, recreation, and essential community-based services. As Howard County's population ages and demand for services increases, the County must consider how best to balance property tax relief with investments that address the broader and often complex needs of its residents.

A. Population Growth and Service Demand

Howard County is experiencing significant demographic change. The population aged 65 and older is projected to increase by approximately 379% between 2000 and 2040, reaching more than 88,000 residents. This population growth will have significant implications for housing affordability, transportation, nutrition, social connection, caregiver support, and access to services that enable residents to remain independent in their homes and communities.

The Office on Aging and Independence (OAI), within the Department of Community Resources and Services, serves as the County's Area Agency on Aging and coordinates a range of programs for older adults, adults with disabilities, and family caregivers. These services include, but are not limited to, information and assistance, case management, in-home support, nutrition programs, caregiver support, legal services, health promotion, and opportunities for social engagement through the County's six 50+ Centers. Collectively, these services help residents maintain their health, independence, dignity and quality of life while supporting their ability to remain in their homes and communities.

Demand for these services must be considered alongside the County's tax relief policies. Property tax credits can help eligible homeowners manage housing expenses, but they do not directly address other challenges residents may experience, including food insecurity, functional limitations, social isolation, caregiver strain, or the need for assistance navigating complex services. Residents may need both financial relief and direct support to maintain their independence and quality of life.

B. Service Reach and Unmet Needs

The Office on Aging and Independence (OAI) provides essential services that support older adults, individuals with disabilities, and family caregivers in maintaining independence, health, and quality of life. FY 2025 data demonstrate both the reach of these services and the substantial unmet need that remains in the community.

- Information and assistance: Maryland Access Point (MAP) recorded 59,136 units of service, helping residents and families navigate available resources and address changing needs.
- Nutrition and food security: OAI provided 48,742 home-delivered meal units and 29,262 congregate meal units. Notably, 79.5% of home-delivered meal recipients were at high nutritional risk.
- In-home support and care coordination: Case management served 258 individuals, personal care served 134, and chore services served 122, helping residents address functional limitations and daily living needs.
- Caregiver support: OAI's caregiver programs reached 3,384 individuals through information, assistance, and supplemental support.
- Wellness and social connection: The six 50+ Centers recorded 258,007 visits by 9,839 older adults, providing opportunities for physical activity, health promotion, social engagement, and connection to community resources.

The growing older adult population will place additional demands on these programs. Meeting future needs will require not only expanding access but also ensuring that residents with the greatest needs receive sufficient assistance. Limited-service capacity can affect the availability, frequency, and reach of support for residents experiencing nutritional risk, functional limitations, social isolation, and caregiver strain.

V. Key Recommendations

A. Recommendation 1: Evaluate Tax Relief and Services Together

The Commission recommends making services for older adults a priority in County budget decisions, recognizing the rapidly growing population age 65 and older and the increasing needs of residents as they age, particularly those aged 85 and older. Budget priorities should address the complex needs of older adults, individuals with disabilities, and veterans while recognizing limited tax capacity and the financial burden on taxpayers.

Property tax credits and direct services serve complementary purposes. Tax credits help eligible homeowners manage housing costs and remain in their homes. Direct services address nutrition, in-home support, care coordination, caregiver needs, and social connection. In FY 2026, approximately 6,257 homeowners benefited from Aging in Place. OAI serves a broader population with diverse needs, including residents who do not qualify for tax credits and credit recipients who also need direct support.

The County should evaluate tax credits and services together, considering their costs, reach, and contributions to residents' financial stability, independence, and quality of life. Forgone tax revenue reduces resources available for other credits and services. A coordinated review should identify opportunities to restructure or rebalance assistance, address unmet needs, and use limited funding effectively.

B. Recommendation 2: Extend Aging in Place Benefits to 20 Years with Sliding Scale

The Commission evaluated sliding scales, flat credits, and benefit terms of 12 or 15 years, and considered changing the longevity requirement to 25 years with a 20-year benefit term or in perpetuity to identify options that would provide sustained relief without a significant near-term fiscal impact. Fiscal modeling illustrated differences in program costs, benefit duration, and the timing of relief.

The Commission recommends considering a 20-year Aging in Place credit, with a 10% credit in the first 10 years and a 20% credit in the second 10 years. Current law provides a 20% credit for 10 years and no credit thereafter. The proposed structure extends relief and provides a larger credit in later years, when residents are even older, and will face greater needs and increased vulnerability to rising costs. Shifting more relief to later years also moderates the near-term fiscal impact.

Staff estimates the proposed cost at $97.2 million over 10 years and $239.5 million over 25 years, compared with $91.3 million and $176.6 million under current law. The supporting schedule below is reproduced as reported; its annual values, totals, and time periods require reconciliation before final issuance.

Chart 4. Reported Aging in Place fiscal projections in millions of dollars

25 Year Comparison of Aging -in-Place Sliding Scale and Current Model
Next 25 Fiscal Years
(dollar amounts in millions)

Scenario	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038-2042	2043-2047	2048-2052	25 Year Total
20 Year Sliding Scale 10%, 20%	$6.5	$4.8	$5.2	$5.7	$6.1	$6.7	$8.3	$9.4	$10.4	$11.0	$11.5	$61.2	$47.3	$45.4	$239.5
Current Model	$6.5	$8.5	$8.9	$9.3	$9.6	$9.7	$7.6	$6.6	$5.9	$6.5	$6.0	$30.5	$30.5	$30.5	$176.6
Difference	0.0	-3.7	-3.7	-3.6	-3.5	-3.0	0.7	2.8	4.5	4.5	5.5	30.7	16.8	14.9	62.9

C. Recommendation 3: No Modifications to Senior Tax Credits and Tax Deferrals

The Commission discussed the Senior Tax Credit and Tax Deferrals. Based on the changes that have been made to the Senior Tax Credit through CB60-2025, current legislation was deemed to be sufficient at this time. As for the Tax Deferral, the Commission did not see any viable changes to the tax credit.

The Commission is aware of a couple of newly passed tax credit legislations or pending council actions. This includes CB52-2026 on expanded tax credit for childcare and adult daycare, passed in October with estimated annual fiscal impact of $2.65 million; CB53-2026 on expanded tax credit for public safety retirees, passed in October with estimated annual fiscal impact of $235,000; and CB67-2026 increasing senior tax credit from 25% to 50% with estimated annual fiscal impact of $0.5 million, pending council actions. Due to the timing the Commission did not include any of these newly approved tax credit changes or potential changes in our study scope.

The Commission did not propose any changes to the Senior Tax Credit or the Tax Deferral programs at this time.

D. Recommendation 4: Seek Greater Flexibility Under State Law

The Commission recommends working with the State on enabling legislation that gives local jurisdictions greater flexibility in structuring tax credits and fees to meet local needs. State-authorized frameworks constrain eligibility rules, benefit levels, and time-in-home requirements, limiting the County's ability to respond to changing demographics, housing markets, and service gaps.

Greater flexibility would help the County design equitable and fiscally sustainable relief while balancing credits with essential services such as in-home support, mobility assistance, home modifications, and case management.

For example, the current Aging in Place credit is tied to a single physical property. Residents who need to move within the County because of health, accessibility, financial constraints, downsizing, or proximity to family caregivers may lose eligibility. Allowing the credit to follow an eligible homeowner to another primary residence within Howard County could support moves to safer, more accessible, or more affordable housing while helping residents remain able to age in the community.

E. Recommendation 5: Improve Communication and Outreach

The Commission recommends a coordinated approach to reaching older adults, residents with disabilities, and veterans through clear, accessible messaging and trusted community partners. Outreach should also explain complementary programs, including the Hardship Credit, Livable Homes Tax Credit, State Homeowners Tax Credit, and State Homestead Credit, to help residents understand eligibility requirements, application process, and opportunities to combine available benefits when permitted.

Use easy-to-understand brochures, large-print mailers, accessible digital materials, and inserts in water and sewer bills to expand awareness. Distribute information through library branches and develop short, plain-language videos for County television explaining available programs, eligibility criteria, and application requirements.

Strengthen collaboration among County departments, including the Department of Community Resources and Services, the Department of Social Services, the Health Department, as well as nonprofit organizations, local medical offices, and other trusted community partners. Leveraging existing outreach networks including the County's six 50+ Centers, veterans' organizations, and disability advocacy groups, to reach underserved populations, reduce barriers to information, and improve access to available benefits and services.

VI. Appendix

Exhibit A. Tax Credit Subtotals Over $500,000 Dollars

This chart shows tax credit subtotals exceeding $500,000 for tax year 2025 / FY 2026, along with veteran exemptions, which are excluded from the Annual Report of Tax Deferrals and Credits.

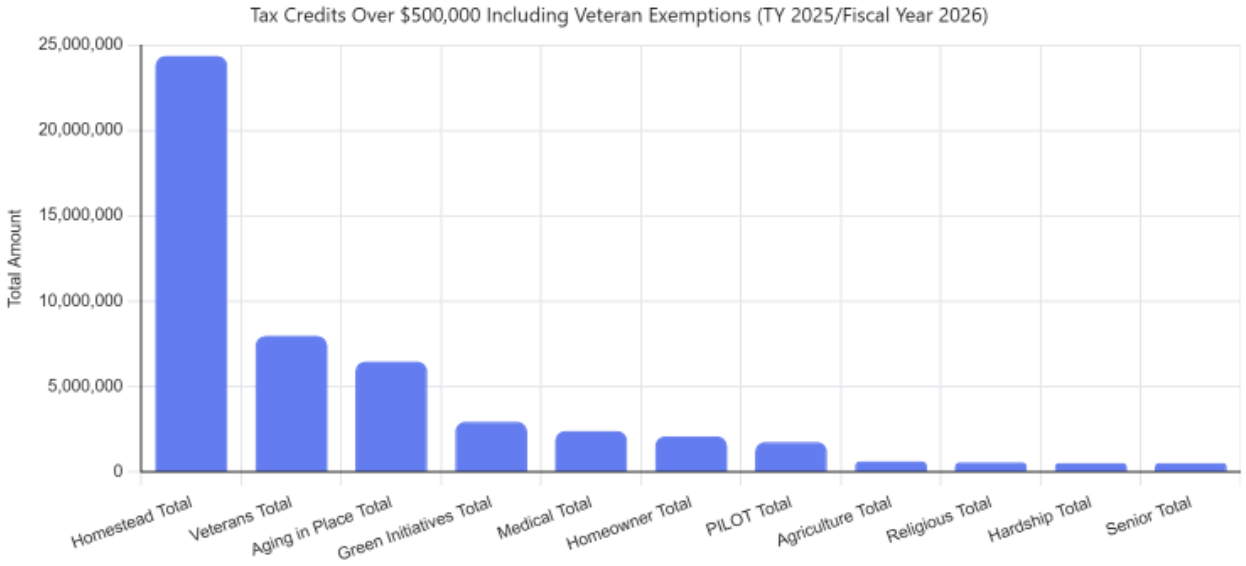


Exhibit B. Comparison of Aging in Place Modeled Scenarios

The chart compares reported 12-year total costs across eight Aging in Place scenarios. Note: 12 years means 12-year (extended) credit term scenario, and 15 years means 15-year (extended) credit term scenario. Differences reflect benefit duration, credit rates or sliding scales, and assumptions about longevity.

