

HOUSE BILL 1085

C9, Q1, Q2

5lr2644

By: **Delegates Fair, Palakovich Carr, Allen, Charkoudian, Ebersole, Foley, Holmes, Kaufman, Kerr, Schindler, Simpson, Solomon, Spiegel, and Stewart**

Introduced and read first time: February 5, 2025

Assigned to: Environment and Transportation and Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 5, 2025

CHAPTER _____

1 AN ACT concerning

2 **Housing Authorities – Tax-Exempt Status – Modifications**

3 FOR the purpose of exempting certain ~~property owned by public housing authorities,~~
4 ~~certain subsidiary entities of public housing authorities, and certain nonprofit~~
5 ~~housing corporations from State and local taxation; directing public housing~~
6 ~~authorities, certain subsidiary entities of public housing authorities, and certain~~
7 ~~nonprofit housing corporations to make payments in lieu of taxes that may be set by~~
8 ~~agreements with political subdivisions; and generally relating to the tax-exempt~~
9 ~~status of public housing authorities in the State~~ real property owned by certain
10 nonprofit entities created by public housing authorities from State and local property
11 taxation; directing certain nonprofit entities created by public housing authorities to
12 make payments in lieu of taxes that may be set by mutual agreement with a political
13 subdivision; and generally relating to a tax exemption for nonprofit entities created
14 by public housing authorities.

15 BY repealing and reenacting, with amendments,
16 Article – Housing and Community Development
17 Section 12–104
18 Annotated Code of Maryland
19 (2019 Replacement Volume and 2024 Supplement)

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
21 That the Laws of Maryland read as follows:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 **Article – Housing and Community Development**

2 12–104.

3 (a) [(1)] In this section [the following words have the meanings indicated],
4 **“HOUSING AUTHORITY ENTITY” MEANS AN ENTITY:**

5 [(2) “Baltimore Housing Authority entity” means an entity:

6 (i) that is controlled or wholly owned by the Housing Authority of
7 Baltimore City; or

8 (ii) in which the Housing Authority of Baltimore City or an entity
9 controlled or wholly owned by the Housing Authority of Baltimore City has an ownership
10 interest, either directly or indirectly, through one or more wholly or partially owned
11 subsidiary entities.

12 (3) “Howard County Housing Commission entity” means an entity:

13 (i) that is controlled or wholly owned by the Howard County
14 Housing Commission; or

15 (ii) in which the Howard County Housing Commission or an entity
16 controlled or wholly owned by the Howard County Housing Commission has an ownership
17 interest, either directly or indirectly, through one or more wholly or partially owned
18 subsidiary entities.

19 (4) “Montgomery County Housing Authority entity” means an entity that
20 is controlled or wholly owned by the Housing Opportunities Commission of Montgomery
21 County.]

22 **(1) THAT IS CONTROLLED OR WHOLLY OWNED BY AN AUTHORITY; OR**

23 **(2) IN WHICH AN AUTHORITY OR AN ENTITY CONTROLLED OR WHOLLY**
24 **OWNED BY AN AUTHORITY HAS AN OWNERSHIP INTEREST, EITHER DIRECTLY OR**
25 **INDIRECTLY, THROUGH ONE OR MORE WHOLLY OR PARTIALLY OWNED SUBSIDIARY**
26 **ENTITIES.**

27 (b) [(1)] A nonprofit entity shall be deemed controlled by [the Housing Authority
28 of Baltimore City] **AN AUTHORITY** under subsection [(a)(2)] **(A)** of this section if:

29 [(i) the nonprofit entity is established by the Housing Authority of
30 Baltimore City under § 12–502(h) of this title; and

31 (ii) the Housing Authority of Baltimore City:

1 1. has the power to appoint a majority of the board of
2 directors of the nonprofit entity; or

3 2. is the sole member of the nonprofit entity.

4 (2) A nonprofit entity shall be deemed controlled by the Howard County
5 Housing Commission under subsection (a)(3) of this section if:

6 (i) the nonprofit entity is established by the Howard County
7 Housing Commission under § 12–502(h) of this title; and

8 (ii) the Howard County Housing Commission:

9 1. has the power to appoint a majority of the board of
10 directors of the nonprofit entity; or

11 2. is the sole member of the nonprofit entity.

12 (3) A nonprofit entity shall be deemed controlled by the Housing
13 Opportunities Commission of Montgomery County under subsection (a)(4) of this section if:

14 (i) the nonprofit entity is established by the Housing Opportunities
15 Commission of Montgomery County under § 12–502(h) of this title; and

16 (ii) the Housing Opportunities Commission of Montgomery County:

17 1. has the power to appoint a majority of the board of
18 directors of the nonprofit entity;

19 2. holds a majority of all managing member interests in the
20 entity;

21 3. holds a majority of the general partner interests in the
22 entity; or

23 4. holds a majority of all ownership interests in the entity.]

24 **(1) THE NONPROFIT ENTITY IS ESTABLISHED BY AN AUTHORITY**
25 **UNDER § 12–502(H) OF THIS TITLE; AND**

26 **(2) THE AUTHORITY:**

27 **(I) HAS THE POWER TO APPOINT A MAJORITY OF THE BOARD OF**
28 **DIRECTORS OF THE NONPROFIT ENTITY; OR**

29 **(II) IS THE SOLE MEMBER OF THE NONPROFIT ENTITY.**

1 (c) (1) In this subsection, “nonprofit housing corporation” means a nonprofit
2 or charitable private corporation that provides safe and sanitary housing to persons of
3 eligible income in such a way that the corporation works essentially like an authority under
4 this Division II.

5 (2) Property is used for essential public and governmental purposes and is
6 exempt from all taxes and special assessments of the State or a political subdivision if the
7 property:

8 (i) belongs to an authority or a nonprofit housing corporation; [or

9 (ii) is used as housing for persons of eligible income and is owned in
10 whole or in part, directly or indirectly, through one or more wholly or partially owned
11 subsidiary entities of a Baltimore Housing Authority entity; or

12 (iii) 1. is used, or if under construction will be used, as housing
13 for persons of eligible income and is owned in whole or in part, directly or indirectly,
14 through one or more wholly or partially owned subsidiary entities of a Howard County
15 Housing Commission entity;

16 2. has improvements, or has improvements under
17 construction, located on land that is owned by:

18 A. the Howard County Housing Commission; or

19 B. an entity that is controlled or wholly owned by the Howard
20 County Housing Commission; and

21 3. has improvements, or has improvements under
22 construction, owned by an entity:

23 A. for which the Howard County Housing Commission
24 publicly solicited development partners pursuant to its procurement policies; or

25 B. that has a general partner or managing member that is
26 controlled or wholly owned by the Howard County Housing Commission; or

27 (iv) is used as housing for persons of eligible income and is owned by
28 a Montgomery County Housing Authority entity.]

29 **(II) IS USED AS HOUSING FOR PERSONS OF ELIGIBLE INCOME**
30 **AND IS OWNED IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, THROUGH ONE OR**
31 **MORE WHOLLY OR PARTIALLY OWNED SUBSIDIARY ENTITIES OF A HOUSING**
32 **AUTHORITY ENTITY; OR**

1 (III) 1. IS USED, OR IF PLANNED OR UNDER CONSTRUCTION
2 WILL BE USED, AS HOUSING FOR PERSONS OF ELIGIBLE INCOME AND IS OWNED IN
3 WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, THROUGH ONE OR MORE WHOLLY
4 OR PARTIALLY OWNED SUBSIDIARY ENTITIES OF A HOUSING AUTHORITY ENTITY;
5 AND

6 2. HAS IMPROVEMENTS, OR HAS IMPROVEMENTS
7 PLANNED OR UNDER CONSTRUCTION, LOCATED ON LAND THAT IS OWNED BY:

8 A. AN AUTHORITY; OR

9 B. AN ENTITY THAT IS CONTROLLED OR WHOLLY OWNED
10 BY AN AUTHORITY.

11 (3) In lieu of those taxes and special assessments, an authority, a nonprofit
12 housing corporation, [a Baltimore Housing Authority entity, a Howard County Housing
13 Commission entity, or a Montgomery County Housing Authority entity] **OR A HOUSING**
14 **AUTHORITY ENTITY** shall pay the political subdivision in which a housing project is wholly
15 or partly located an amount, if any, that may be set by mutual agreement and that does
16 not exceed the amount of regular taxes levied on similar property.

17 (d) (1) Except as provided in paragraph (2) or (3) of this subsection:

18 (i) all real property of an authority is exempt from levy and sale by
19 virtue of an execution;

20 (ii) an execution or other judicial process may not issue against the
21 real property; and

22 (iii) a judgment against an authority is not a charge or lien on the
23 authority's real property.

24 (2) Paragraph (1) of this subsection does not limit a right to foreclose or
25 otherwise enforce:

26 (i) a mortgage or deed of trust recorded against property of an
27 authority; or

28 (ii) a pledge or lien given by an authority on its rents, fees, or
29 revenues.

30 (3) This subsection does not deprive a political subdivision of its right to
31 collect money agreed to be paid in lieu of taxes in the same manner as taxes are now or may
32 be collected under State law and the laws of the political subdivision.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
2 1, 2025, and shall be applicable to all taxable years beginning after June 30, 2025.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.