



BRANDON M. SCOTT
MAYOR

*Office of Government Relations
88 State Circle
Annapolis, Maryland 21401*

SB 122

January 19, 2023

TO: Members of the Senate Budget and Tax Committee

FROM: Nina Themelis, Interim Director of Government Relations

RE: SB 122 - Property Tax Exemption - Religious Group or Organization - Third-Party Leases

POSITION: Support

Chair Guzzone, Vice-Chair Rosapepe, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **supports** Senate Bill (SB) 122.

SB 122 would remove the exclusion from the Property Tax exemption law under Section 7-204 of the Maryland Tax Property Article, of properties owned by a non-profit religious group or organization that are leased to third parties.

Exemptions under this section of the Code are based on the non-profit nature of these organizations. The partial or full lease of these properties to third-party users represents a for-profit activity that misleads the intention of the exemptions granted by state law.

While the fiscal impact of this legislation cannot be estimated at this time given that the detail and number of third-party leases of properties owned by religious organizations are unknown, there are 1,749 properties in the City classified as religious organizations that are partially or fully exempted from property taxes. The combined assessment of these properties is \$2.2 billion, equivalent to \$49.2 million in annual property taxes, of which the city collects only \$900K, or 1.9%.

The Baltimore City Administration is proud to be home to thousands of non-profit and religious organizations that are exempt from property taxes. We support this legislation, which would help the City recover a portion of the forgone property taxes by excluding for-profit use properties from this exempt category.

For these reasons we respectfully request a **favorable** report on SB 122.

*Annapolis – phone: 410.269.0207 • fax: 410.269.6785
Baltimore – phone: 410.396.3497 • fax: 410.396.5136
<https://mogr.baltimorecity.gov/>*