

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

The Honorable Chair Guzzone
The Honorable Vice Chair Rosapepe
Budget and Taxation Committee
Miller Senate Office Building
Annapolis, MD

February 21, 2024

**Testimony on SB0779 Taxation of Vacant Property, Certification of Company
Representatives, and Short-Term Rentals**

Chair Guzzone, Vice Chair Rosapepe, and esteemed members of this committee,

SB0779, will help address Maryland's housing crisis by:

- Giving counties and the City of Baltimore the right to tax vacant housing;
- Giving counties and the City of Baltimore the right to regulate short-term rentals and;
- Requiring business entities to file accurate contact information with the State Department of Assessments and Taxation.

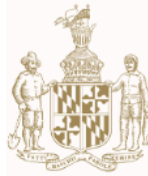
Why is this bill important?

Maryland is suffering from a housing crisis. According to Secretary Day of the Department of Housing and Community Development, Maryland has a shortage of "at least 96,000 housing units" and that number is only expected to grow¹. Residential properties artificially removed from circulation drive up the cost of housing by removing units from the market. Communities with vacant properties suffer from higher homeowner's insurance premiums, lower property values, and are disproportionately minority neighborhoods. Towns and counties often need to spend more money on code enforcement neighborhoods with vacant property while simultaneously suffering from lower tax revenues. Families are forced to move far from where they work, increasing the strain on infrastructure.

¹ Weingarten, Dwight. The Herald-Mail. "Maryland Housing Secretary Day estimates 96,00-unit housing shortage. Bill aim to help." <https://www.heraldmillmedia.com/story/news/state/2023/12/21/administrations-bills-aims-to-address-marylands-housing-crisis/71896971007/>. Accessed February 14th, 2024.

KAREN LEWIS YOUNG
Legislative District 3
Frederick County

Committee on Education, Energy,
and the Environment



James Senate Office Building
11 Bladen Street, Room 302
Annapolis, Maryland 21401
410-841-3575 · 301-858-3575
800-492-7122 Ext. 3575
Karen.Young@senate.state.md.us

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This bill will enable counties and the City of Baltimore to tax vacant properties in order to encourage their rehabilitation and return to circulation.

This bill also addresses short-term rentals. Short-term rentals are relatively new but can have a significant impact on their communities. In addition to removing affordable housing from circulation, short-term rentals impact their neighborhoods by driving up nearby rental and housing prices making it harder for businesses and their employees to move to our state². This bill empowers counties and the City of Baltimore to regulate those short-term rentals in areas with a shortage in affordable housing.

Finally, this bill will require business entities that own residential property to provide and update contact information with the State Department of Assessments and Taxation. Too often business entities have incorrect contact information that, in turn, dramatically slows communication in the event of an emergency or when the local government needs to address blight, property maintenance, and public safety. This requirement will assist local governments in addressing the aforementioned issues while also giving them accurate data when planning how to meet the housing needs in their communities.

SB0779 will make allies of our counties and the City of Baltimore in helping the State tackle our housing crisis. It will help transfer the costs borne by our communities and counties to the people responsible for these burdens. It will make affordable housing more accessible and equitable and combat absentee ownership. For these reasons, I urge a favorable report.

Sincerely,

A handwritten signature in blue ink that reads "Karen Lewis Young".

Senator Karen Lewis Young

² Barron, Kyle; Edward Kung, and David Proserpio. SSRN. "The Effect of Home-Sharing on House Prices and rents: Evidence from Airbnb." https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3006832. Published March 4th, 2020. Accessed February 14th 2024.