



Neighborhood Housing Services of Baltimore, Inc.

February 20, 2024

Senator Guy Guzzone
Budget and Taxation Committee
Miller Senate Office Building
Annapolis, Maryland 21401

RE: Senate Bill 779

Honorable Senator Guzzone and Members of the Committee:

I am the Chief Executive Officer of Neighborhood Housing Services of Baltimore (NHS). Our organization believes that economic and social justice are a right for all residents and communities. We promote this belief by removing barriers of access to homeownership, helping resident access resources to maintain their homes, and supporting communities historically impacted by systemic disinvestment.

One area where economic justice can be expanded in Maryland is the property tax system. The current tax system requires all properties to be taxed at the same rate. These rates are based on the state assessment of value. Vacant properties are typically assessed for a significantly lower value than occupied properties but have a much higher cost to the city or county with demands for government services. The effective result of this is occupied properties subsidizing the services demanded for vacant properties. This results from the very low amount of taxes paid by vacant properties due to low assessments. A [study](#) conducted by Johns Hopkins University about vacant properties in Baltimore City last year concluded that vacant properties cost Baltimore City over \$100 million annually in direct costs through city services and an additional \$100 million annually in reduced collections because of the direct impact of the vacant properties on the value of surrounding properties. This annual cost to the city is directly attributed to the 13,682 vacant properties in Baltimore. This means that the direct cost to the city in provision of services and lost revenue is \$14,617 for each vacant property in Baltimore. Almost all vacant properties in Baltimore have tax assessments below \$40,000. This results in a tax bill that is less than \$1,000. The result is that the remaining city taxpayers are subsidizing the cost of vacant properties. These properties are not only blighting our neighborhoods physical environment they are also utilizing a disproportionate amount of resources depriving the city of desperately needed funding for city services and revitalization. The same experience is encountered around the state as counties address vacant properties. SB779 enables local counties or Baltimore City to create special property tax rates that could help address this problem. Vacant properties could be taxed at a rate appropriate for the services demanded or a minimum tax for vacant properties could be determined to ensure support for the needed city services.

SB779 would help bring equity to the tax collection system in Maryland. We ask that the Committee issue a *favorable* report on SB779.

Sincerely,

Daniel T. Ellis
Executive Director



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