

SB 779 - FAV - MHLA.pdf

Uploaded by: Amy Rohrer

Position: FAV

MHLA

Maryland Hotel Lodging Association

Testimony in Support of SB 779

*Real Property – Taxation of Vacant Property,
Certification of Company Representatives, and Short-Term Rentals*

February 21, 2024

Senate Budget and Taxation Committee

The Maryland Hotel Lodging Association (MHLA) serves as the sole statewide trade association dedicated to advocacy for Maryland's 750+ hotels. Our industry employs more than 25,000 individuals and provides the state with \$1 billion in state and local taxes, \$5 billion in total wages and salaries, and \$9 billion in total gross domestic product.

We wish to express our support for HB 826 as it relates to the ability for local governments to adopt regulations and accountability measures governing short-term rentals.

The hotel industry supports home sharing and we have long advocated for ordinances that officially legalize such short-term rentals. But we also believe short-term rentals should abide by the same laws as hotels and every other business: registering their business, paying taxes, following laws and regulations, and removing illegal listings. Many localities in Maryland have recognized the growing challenge of short-term rentals, which create safety concerns, reduce affordable housing inventory, drive up rent prices, and displace long-term residents. Jurisdictions such as Baltimore City, Montgomery County, Prince George's County, Anne Arundel County and the City of Annapolis, among others, have already adopted laws and ordinances to regulate short-term rentals and rein in illegal hotels.

Local governments are best suited to create policies that address the needs of their individual communities and the unique effects short-term rentals may have on them. For example, when operators buy up multiple homes or apartments in a community to turn into short-term rentals, this reduces the availability of housing in the area and increases the cost to rent or buy the homes that are available. Because each locality is dealing with its own, unique housing availability and affordability issues, they must have the authority to examine and implement regulations that coincide with local housing needs.

We would also like to note our support of any potential sponsor amendment that would enable local government to regulate short-term rentals before "high intensity use" leads to a lack of adequate supply of affordable housing. We believe such an amendment would help to strengthen the bill's intent, knowing it's far easier to reign in and regulate short-term rentals before that point of saturation has been reached.

In summary, MHLA is supportive of this legislation as it would enable leaders at the local level to adopt rules or regulations, by resolution or ordinance, relating to short-term rental use in their individual localities. We respectfully request a Favorable Report on SB 779.

SB779_DHCD_SUPPORT.pdf

Uploaded by: Chuck Cook

Position: FAV

DATE: February 21, 2024

BILL NO.: Senate Bill 779

TITLE: Real Property – Taxation of Vacant Property, Certification of Company Representatives, And Short-Term Rentals

COMMITTEE: Senate Budget and Taxation Committee

Letter of Support

Description of Bill:

Senate Bill 779 authorizes counties and Baltimore City to set a special property tax rate for residential property that has been cited as vacant and unfit for habitation or other use, creates a new statutorily defined class of vacant residential property that is unfit for habitation or other use, requires entities owning residential real property in Maryland to provide to the State Department of Assessments and Taxation contact information for an authorized representative of the entity, and authorizes counties and Baltimore City to adopt rules and regulations relating to high-intensity use of short-term rentals in areas lacking adequate affordable housing.

Background and Analysis:

While Maryland has one of the lowest overall residential vacancy rates in the country, there are over 200,000 vacant housing units across the state – 15,000 in Baltimore City alone. Widespread vacancies are associated with a number of problems, including safety hazards and contribution to neighborhood blight and instability, and represent an inefficient use of land that could be used to house Marylanders. Allowing local jurisdictions to disincentivize vacancy through special tax rates will help address these problems, along with Maryland’s 96,000-unit housing shortage.

The expansion of the short-term rental business in recent years – largely via real estate investors purchasing homes and offering them for short-term rental via companies such as AirBnB and VRBO – has had a significant impact on the housing market. Studies have shown that there is a strong correlation between higher numbers of short-term rental listings and higher rents and shortages of available housing in many markets. Allowing local jurisdictions to regulate these short-term rentals in areas facing affordable housing shortages will help address this issue in ways tailored to local needs. Requiring entities operated by these investors, along with other entities owning residential property in Maryland, to provide contact information for an authorized representative, will help keep these businesses accountable.

DHCD Position:

The Department of Housing and Community Development respectfully requests a **favorable** report on SB 779.

SB779 Taxation of Vacant Property, Certification o

Uploaded by: Dan Ellis

Position: FAV



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,

A handwritten signature in black ink that reads "Daniel T. Ellis".

Daniel T. Ellis
Executive Director



25 E. 20th Street, Suite 170 Baltimore, Maryland 21218
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SB0779-BT_MACo_SUP.pdf

Uploaded by: Dominic Butchko

Position: FAV



Senate Bill 779

Real Property – Taxation of Vacant Property, Certification of Company Representatives, and Short-Term Rentals

MACo Position: **SUPPORT**

To: Budget and Taxation Committee

Date: February 21, 2024

From: Dominic J. Butchko

The Maryland Association of Counties (MACo) **SUPPORTS** SB 779. This bill provides counties with additional tools to discourage vacancy and regulate short-term rentals, and ensures corporate entities that may own residential property must store accurate contact information with the State Department of Assessments and Taxation (SDAT).

For the 2024 Maryland General Assembly Session, MACo has made it a priority – one of the Association’s four legislative initiatives – to *Advance Comprehensive Housing Solutions*. Much like climate change and sea level rise, the challenges surrounding affordable housing are vast and call for a large, multipronged effort. While in other policy areas, it may be easy to deduce a simple cause-and-effect relationship, housing is a complex web of multifaceted factors. Addressing challenges like workforce, financing, interest rates, broad economic trends, supply chain, and large out-of-state corporate interests – among many other obstacles – requires an all-hands-on-deck effort from policy makers at all levels.

Leading up to the 2024 legislative session, MACo spent several months working with county housing experts to identify significant factors constraining access to affordable housing in Maryland. SB 779 is the culmination of that work and targets several key components of this crisis: vacancy disincentives, corporate owner transparency, and short-term rental oversight. While this legislation is no silver bullet, it is a major step in the right direction.

Vacancy Disincentives

Residential properties artificially removed from circulation only drive up the cost of housing. Fewer families being able to find homes means commute times increase, a higher percentage of paychecks get allocated to transportation and housing, and less is spent on other goods and services. Consequently, unpaid property taxes and the burden of mitigating safety hazards related to these properties fall on the local jurisdictions, ultimately reducing their capacity to provide critical services. **The General Assembly should address vacancy and the economic impact of housing market speculation by granting counties the authority to enact a Vacancy Tax that more accurately reflects the full and considerable cost that empty, and sometimes unsafe, units have on a community.**

Corporate Land/Property Owner Transparency

One of the most vexing challenges in addressing vacancy is determining an accurate contact for property owners. Corporate-owned vacant properties often have inaccurate contact information, if any at all, which leaves little room for quick local intervention when these units are left to deteriorate. This not only poses an arduous and resource-constraining problem for counties, but it also creates a serious public health and safety hazard should a county be unable to contact a property owner. **The General Assembly should require SDAT to ensure all corporate entities that own property provide yearly and correct contact information for a "company representative" with the authority to communicate with the public about the entity; and SDAT should be required to share that information with counties upon request.**

Short-Term Rental Oversight

Short-term rentals (STRs) are the double-edged sword of housing. They can promote tourism and provide homeowners with extra income, both of which can help the local economy. However, they can also attract commercial investors — and when the concentration of STRs reaches a tipping point, it can ultimately destabilize residential neighborhoods, lessen long-term rental options, and threaten local jobs. **As STRs in residential areas effectively act as commercial properties, counties should be empowered to develop additional regulations and licensure for high-intensity STRs in jurisdictions lacking adequate affordable housing supply. Key criteria to apply additional regulations include: the number of nights booked per year, surrounding infrastructure constraints, and whether the property is owner-occupied.**

As the frontline actor in housing policy, counties remain committed to working with all stakeholders in broadly advancing comprehensive housing solutions. High vacancy rates, corporate disengagement, and short-term rentals are all major obstacles to Maryland's affordable housing supply. Without additional tools, counties are powerless to address these challenges. For this reason, MACo urges the Committee to issue SB 779 a **FAVORABLE** report, and help address these vexing issues.

BaltimoreCounty_FAV_SB0779.pdf

Uploaded by: Giuliana Valencia-Banks

Position: FAV



JOHN A. OLSZEWSKI, JR.
County Executive

JENNIFER AIOSA
Director of Government Affairs

AMANDA KONTZ CARR
Legislative Officer

WILLIAM J. THORNE
Legislative Associate

BILL NO.: **SB 779**

TITLE: Real Property – Taxation of Vacant Property, Certification of
Company Representatives, and Short-Term Rentals

SPONSOR: Senator Lewis Young

COMMITTEE: Budget and Taxation

POSITION: **SUPPORT**

DATE: February 20, 2024

Baltimore County **SUPPORTS** Senate Bill 779 – Real Property – Taxation of Vacant Property, Certification of Company Representatives, and Short-Term Rentals. This legislation, a priority of the Maryland Association of Counties (MACo), would help local jurisdictions in their efforts to address various challenges that negatively impact the housing market.

First, SB 779 would allow each county to set a special tax rate on vacant properties that are deemed unfit for habitation (or other authorized categories that would merit a housing or building violation notice). Baltimore County has similar concerns about the effect these properties have on the health, safety, and property values of the surrounding communities. Baltimore County recently passed legislation to define, identify and inventory vacant properties, and has launched a public facing GIS map that shows the location of these properties. However, Baltimore County lacks certain tools to incentivize the property owners to take action to move the properties from vacancy to occupancy. Allowing a variable tax rate would give the County a tool to put pressure on speculative investors who refuse to sell or improve blighted and vacant properties.

Secondly, the legislation requires entities that own residential property in the State to provide, in writing and affirmed or acknowledged under oath, correct contact information for a representative of the entity who has the authority to communicate about the entity. The State must provide this information to local jurisdictions that request it. This addresses a major challenge experienced by local jurisdictions and their residents in identifying a way to track

down and communicate with the owner of vacant and blighted properties that re causing harm to the health, safety, and welfare of the surrounding community.

Lastly, the legislation provides a definition for Short-Term Rentals (such as “AirBnBs”) and authorizes jurisdictions to pass local legislation regulating short-term rental units as it relates to the intensity of their use in areas lacking an adequate supply of affordable housing. This includes regulations relating to the number of nights booked, infrastructure constrains in the surrounding area, whether the short-term rental units are owner-occupied, criteria to identify areas lacking an adequate supply of affordable housing, and any other criteria relating to short term rentals. Baltimore County supports enabling legislation furthering the rights of local jurisdictions to regulate this industry as it relates to its impacts on affordable housing.

Accordingly, Baltimore County urges a **FAVORABLE** report on SB 779 from the Senate Budget and Taxation committee. For more information, please contact Jenn Aiosa, Director of Government Affairs at jaiosa@baltimorecountymd.gov.

SB779_HSUS_FAV.pdf

Uploaded by: Jennifer Bevan-Dangel

Position: FAV



**THE HUMANE SOCIETY
OF THE UNITED STATES**

February 21, 2024

Budget and Tax Committee

SB 779

*Real Property – Taxation of Vacant Property, Certification of Company Representatives,
and Short-Term Rentals*

FAVORABLE

The Humane Society of the United States, on behalf of our supporters in Maryland, supports HB826/SB779. This legislation would provide more tools for local governments to tackle vacant housing, as well as ensure that communities in need of affordable housing are not seeing affordable rental housing stock divested in favor of short-term rentals.

Housing security is essential for keeping people and pets together. The recent surge in pet surrenders overwhelming our shelters is due in large part to the housing crisis facing Marylanders. This connection is documented in a recent Baltimore Banner article, which states: “trouble finding affordable housing that allows pets is now the most common reason animals are surrendered at Baltimore-area shelters.”¹

A record number of households and nearly three-fourths of renters have pets, and while a majority of Americans consider their pets to be family members many tenants say they have trouble finding “pet friendly” properties. One explanation found by a recent industry report showed that although 76 percent of owner/operators say their properties are pet-friendly, 72 percent of residents surveyed said that pet-friendly housing is hard to find, and 59 percent say it’s too expensive.²

The lack of pet-friendly, affordable rental housing is felt acutely in communities that have historically seen disinvestment and redlining. When affordable rental units are used for short-term rentals, it takes away secure housing opportunities from community members who desperately need them.

Vacant housing poses unique challenges for animals. Strays, lost pets, and unowned animals may find shelter in these units, but they are not necessarily safe or appropriate for animals to squat in. Even worse, animal control officers (ACOs) do not necessarily have the authority to enter the building to retrieve or humanely trap the animal, and if the owner of the vacant unit is not publicly listed the ACOs cannot even seek permission to do so. This creates situations that can be hazardous for animals and people, as without access ACOs are not able to ensure animals in these buildings receive the vaccinations (including rabies and distemper) that they need.

Stable, secure rental housing is critical for our families and our companion animals. The tools that HB826/SB779 will provide local governments will help families seeking housing and ACOs seeking to protect animals in our communities, and we urge a favorable report.

¹ [How bad is Maryland’s housing crisis? Check the animal shelters - The Baltimore Banner](#); January 20, 2024

² “2021 Pet-Inclusive Housing Report.” Michelson Found Animals and HARBI. Accessed January 31, 2022. <https://www.foundanimals.org/pets-and-housing/2021-pet-inclusive-housing-report/>.

CLC Written Testimony SB 779 Real Property – Taxat

Uploaded by: Shana Roth-Gormley

Position: FAV



SB 779

**Real Property - Taxation of Vacant Property, Certification of
Company Representatives, and Short-Term Rentals**

Hearing before the Senate Budget and Taxation Committee
Feb. 21, 2024

POSITION: Favorable

Community Law Center (CLC) is a 501(c)(3) nonprofit organization, which is a legal partner to Maryland neighborhoods and nonprofits in pursuit of more just and vibrant communities. We advocate on issues that impact our Maryland neighborhood and nonprofit clients, including to reform the tax sale system and to prevent and remediate property vacancy and abandonment.

CLC supports SB 779 to allow counties and Baltimore City to set a special tax rate for vacant residential properties. This bill provides a much needed tool to address the vacant property crisis in Maryland. Many vacant properties have been essentially abandoned by their owners, left to attract rodents and other pests, invite illegal dumping and other criminal activity, and accumulate trash and high grass and weeds. They become open to the elements, furthering their own deterioration and causing structural damage to neighboring structures, like attached row houses. These vacants also impact neighboring property values, pose a danger of collapse, and require increased police, fire, and code enforcement services. All the while, these abandoned properties further deteriorate. As they deteriorate, their assessed value decreases, and so, as a result, does the property tax due. This decreasing property tax perversely incentivizes the property owner to take no action to clean up and rehab the property, leaving the cycle of deterioration to continue – as it becomes more expensive to rehab the deteriorated vacant, it becomes less expensive to do nothing, since the low property tax is based on the low assessed value. With the incentive of low taxation if the property owner does nothing, there is no reason to clean up the property and return it to productive use. This impacts the neighboring properties and the entire community, which must now deal with this deteriorated and abandoned vacant property. It also impacts the county or Baltimore City as a whole, contributing not only the vacant property crisis, but also to the declining tax base.

CLC also supports SB 779 to increase the transparency of entities that own residential real property in Maryland. CLC's neighborhood organization clients frequently come to us for help figuring out who to contact when an entity owns a house in the community, after having difficulty reaching out through the resident agent. The neighborhood may wish to speak with the owner about community issues, or to offer to purchase the property, or about a problem with the property. Giving more contact information for decisionmakers at an entity would only benefit Maryland communities and businesses who live and work in relationship with entities.

We need every tool to address vacant properties and return them to productive use. CLC supports SB 779. Thank you for the opportunity to testify.

For the above reasons,

CLC urges a FAVORABLE VOTE ON SB 779.

Please contact Shana Roth-Gormley, Staff Attorney at Community Law Center, with any questions.
ShanaR@communitylaw.org | 410-366-0922 x 118

MML-SB779 - FWA.pdf

Uploaded by: Justin Fiore

Position: FWA



Maryland Municipal League
The Association of Maryland's Cities and Towns

TESTIMONY

February 21, 2024

Committee: Senate Budget & Taxation Committee

Bill: SB 779 - Real Property – Taxation of Vacant Property, Certification of Company Representatives, and Short-Term Rentals

Position: Support with Amendments

Reason for Position:

The Maryland Municipal League (MML) supports Senate Bill 779, with amendment.

In addition to authorizing the City of Baltimore and all 23 counties to set a special property tax rate for improved residential properties that were cited as vacant and unfit for habitation, SB 779 also establishes a new regulatory authority for “short-term rentals” to ensure these properties are not burdening public infrastructure or contributing to Maryland’s housing crisis.

Housing availability and affordability is a critical issue, but tools available to local governments are limited. This bill can provide valuable vehicles for local governments to address the housing supply in our communities.

For these reasons, the League respectfully requests an amendment to extend the short-term rental authority to municipalities in addition to Baltimore City and all 23 counties. With that amendment, the League respectfully requests that the committee provide Senate Bill 779 with a favorable report.

FOR MORE INFORMATION CONTACT:

Theresa Kuhns
Angelica Bailey Thupari, Esq.
Bill Jorch
Justin Fiore

Chief Executive Officer
Director, Advocacy & Public Affairs
Director, Public Policy & Research
Deputy Director, Advocacy & Public Affairs

SB 779 - Vacant Property - FWA - REALTORS.pdf

Uploaded by: Lisa May

Position: FWA



Senate Bill 779 – Real Property – Taxation of Vacant Property, Certification of Company Representatives, and Short-Term Rentals

Position: Support with Amendments

Maryland REALTORS® asks for important changes to SB 779, which imposes additional taxation and regulations on vacant properties and short-term rentals.

Blighted and dilapidated properties have negative impacts on surrounding homes and businesses, as well as on local governments. For that reason, we support the new requirements under 1-407 of the Corporations and Associations Article that contact information be provided for an entity that owns property, so that local governments may communicate with them on the condition of the property and hold them accountable for maintaining it according to local laws.

Where REALTORS® have concerns with the bill involve setting differential tax rates for properties that are deemed “vacant and unfit for habitation.” There are properties that meet both of those categories that are nevertheless maintained according to local property codes and are not a detriment to the surrounding community. There is also no timeframe given for how long a property may be vacant before the above regulations apply. Properties that are subject to disposition through an estate or other legal proceeding may not be able to bring that property up to code until that process has been completed.

Local governments have existing authority to address problem properties through code enforcement actions. Any attempt at differential taxation on a blighted property should come after all other efforts to ensure compliance have failed.

Finally, we have deep concerns with the conditions under which a local government may restrict short-term rentals. The definitions provided under 13-1002 for “high intensity use” are so broad as to mean virtually anything, particularly regarding (B)(5) which allows “any other criteria relating to short-term rentals” to be used as justification to restrict their operation.

Further, this bill assumes a link between the presence of short-term rentals and affordable housing shortages. The research on that cause and effect is mixed. Those limitations also remove valuable flexibility from homeowners who may otherwise be forced to sell their properties or face foreclosure when financial difficulties arise.

Maryland REALTORS® asks for your support of those amendments for SB 779.

For more information contact
lisa.may@mdrealtor.org or christa.mcgee@mdrealtor.org

SB0779-BT-FWA.pdf

Uploaded by: Nina Themelis

Position: FWA



BRANDON M. SCOTT
MAYOR

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

SB0779

February 21, 2024

TO: Members of the Senate Budget and Taxation Committee

FROM: Nina Themelis, Director of Mayor's Office of Government Relations

RE: Senate Bill 779 – Real Property – Taxation of Vacant Property, Certification of Company Representatives, and Short-Term Rentals

POSITION: Support with Amendment

Chair Guzzone, Vice Chair Rosapepe, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **supports** Senate Bill (SB) 779 **with amendments**.

SB 779 would allow counties to set special rates for vacant residential properties, require entities to make certain disclosures related to contact information and enable local jurisdictions to make changes to rules governing the operation of Short-Term Rentals (STR). This bill would also allow counties to set a special rate for improved residential property cited as vacant and unfit for habitation or other authorized use on a housing or building violation notice.

By increasing taxes on vacant properties, as proposed in this legislation, we may prompt some property owners to rehab their property and obtain a use an occupancy permit more expeditiously than we are currently seeing. Additionally, the liens may allow us access to other redevelopment tools more quickly, such as In-rem.

BCA would recommend a friendly amendment on page 3, line 3 and 21 of the Bill. The language presently reads, "CITED AS VACANT AND UNFIT FOR HABITATION OR OTHER AUTHORIZED USE." We are concerned that the required combination of “vacant” and “unfit” for habitation or other authorized use may present additional enforcement hurdles. By using vacant AND unfit the Bill would be creating a two-part standard that would be harder to verify. Under the current building code in Baltimore City a building is vacant because it was deemed as either unoccupied and unfit OR unsafe. **BCA would recommend an amendment that changes this line to “CITED AS A VACANT STRUCTURE UNDER THE LOCAL BUILDING CODE.”** Given that Baltimore City has the word “OR” in our local building code, this amendment would eliminate confusion and prevent additional burden in the documentation process.

It is unclear why this legislation is limited to “residential” vacant properties as some multi-family dwellings may fall under a residential or commercial category. The word “residential” could be removed from the Bill to eliminate confusion. BCA would recommend a friendly amendment on page 4 line 3 to remove “residential”. This should apply to all real property.

SB 779 would also require the disclosure of the correct contact information for the representative of a short-term rental property. BCA supports this change. While Baltimore City already requires these properties to be licensed and registered with up-to-date contact information for the responsible representative, this legislation will be a huge help in identifying and contacting an actual person that is responsible for real property. Sometimes identifying a representative of an entity takes a significant amount of staff time. Having increased access to reliable information would be a huge help to our Short-Term Rentals program.

In Baltimore City, all new STRs are hosted units. Local legislation capped any new un-hosted STRs to only those that existed prior to 12/31/18. Our code defines an STR as a rental of all or a portion of your home for periods of less than 90 nights. Both hosted (owner-occupied) and un-hosted (non-owner occupied) units must be registered and licensed.

In order to obtain a rental license to rent your home as an STR in Baltimore City, the property must:

- (1) be your principal residence;
- (2) be deeded in your name (the name of an individual, not a company); and
- (3) be free of any code violations.

The Baltimore City Council passed Ordinance 19-217 (Council Bill 18-0189) establishing several requirements for Short-Term rentals, including the licensing of such units. These requirements can be found in the Baltimore City Code Article 15, Licensing and Regulation, Subtitle 48, Short-Term Residential Rentals.

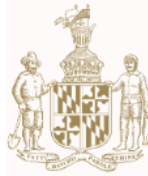
While Baltimore City already has a robust Short-Term Rental Program in place, this legislation would benefit Baltimore by requiring entity disclosures and enabling local jurisdictions to fine-tune their programs to address local concerns.

For these reasons, the BCA respectfully requests a **favorable with amendment** report on SB 779.

SB0779 Taxation of Vacant Property Cover Letter (

Uploaded by: Senator Karen Lewis Young

Position: FWA



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.

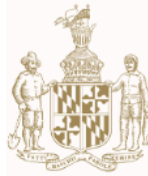
Why is this bill important?

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



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Annapolis, Maryland 21401
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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

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.

SB779 With Amendments.pdf

Uploaded by: Senator Karen Lewis Young

Position: FWA

HOUSE BILL 826

Q1, L6, C1

4r1668
CF 4r1666

By: **Delegate Stewart**

Introduced and read first time: January 31, 2024

Assigned to: Ways and Means and Environment and Transportation

A BILL ENTITLED

1 AN ACT concerning

2 **Real Property – Taxation of Vacant Property, Certification of Company**
3 **Representatives, and Short-Term Rentals**

4 FOR the purpose of authorizing the Mayor and City Council of Baltimore City or the
5 governing body of a county to set a special property tax rate for certain vacant
6 residential property; establishing a subclass of real property consisting of certain
7 vacant residential property; requiring an entity that owns residential real property
8 in the State to make a certain certification to the State Department of Assessments
9 and Taxation; authorizing the Mayor and City Council of Baltimore City or the
10 governing body of a county to adopt rules or regulations, by resolution or ordinance,
11 relating to high-intensity use of short-term rentals located in certain areas; and
12 generally relating to taxation and regulation of real property.

13 BY repealing and reenacting, with amendments,
14 Article – Tax – Property
15 Section 6–302 and 8–101(b)
16 Annotated Code of Maryland
17 (2019 Replacement Volume and 2023 Supplement)

18 BY adding to
19 Article – Corporations and Associations
20 Section 1–407
21 Annotated Code of Maryland
22 (2014 Replacement Volume and 2023 Supplement)

23 BY adding to
24 Article – Local Government
25 Section 13–1002
26 Annotated Code of Maryland
27 (2013 Volume and 2023 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

hb0826

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

3 **Article – Tax – Property**

4 6–302.

5 (a) Except as otherwise provided in this section and after complying with § 6–305
6 of this subtitle, in each year after the date of finality and before the following July 1, the
7 Mayor and City Council of Baltimore City or the governing body of each county annually
8 shall set the tax rate for the next taxable year on all assessments of property subject to that
9 county's property tax.

10 (b) (1) Except as provided in subsection (c) of this section, §§ 6–305 and 6–306
11 of this subtitle and § 6–203 of this title:

12 (i) there shall be a single county property tax rate for all real
13 property subject to county property tax except for operating real property described in §
14 8–109(c) of this article; and

15 (ii) the county tax rate applicable to personal property and the
16 operating real property described in § 8–109(c) of this article shall be no more than 2.5
17 times the rate for real property.

18 (2) Paragraph (1) of this subsection does not affect a special rate prevailing
19 in a taxing district or part of a county.

20 [(c) (1) Intangible personal property is subject to county property tax as
21 otherwise provided in this title at a rate set annually, if:

22 (i) the intangible personal property has paid interest or dividends
23 during the 12 months that precede the date of finality;

24 (ii) interest or dividends were withheld on the intangible personal
25 property during the 12 months that precede the date of finality to avoid the tax under this
26 subsection;

27 (iii) the intangible personal property consists of newly issued bonds,
28 certificates of indebtedness, or evidences of debt on which interest is not in default; or

29 (iv) a stock dividend has been declared on the intangible personal
30 property during the 12 months that precede the date of finality.

31 (2) The county tax rate for the intangible personal property is 30 cents for
32 each \$100 of assessment.]

1 **(C) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE**
2 **GOVERNING BODY OF A COUNTY MAY SET A SPECIAL RATE FOR IMPROVED**
3 **RESIDENTIAL PROPERTY CITED AS VACANT AND UNFIT FOR HABITATION OR OTHER**
4 **AUTHORIZED USE ON A HOUSING OR BUILDING VIOLATION NOTICE.**

5 8–101.

6 (b)Real property is a class of property and is divided into the following subclasses:

7 (1) land that is actively devoted to farm or agricultural use, assessed under
8 § 8–209 of this title;

9 (2) marshland, assessed under § 8–210 of this title;

10 (3) woodland, assessed under § 8–211 of this title;

11 (4) land of a country club or golf course, assessed under §§ 8–212 through
12 8–217 of this title;

13 (5) land that is used for a planned development, assessed under §§ 8–220
14 through 8–225 of this title;

15 (6) rezoned real property that is used for residential purposes, assessed
16 under §§ 8–226 through 8–228 of this title;

17 (7) operating real property of a railroad;

18 (8) operating real property of a public utility;

19 (9) property valued under § 8–105(a)(3) of this subtitle;

20 (10) conservation property, assessed under § 8–209.1 of this title; [and]

21 **(11) IMPROVED RESIDENTIAL PROPERTY CITED AS VACANT AND UNFIT**
22 **FOR HABITATION OR OTHER AUTHORIZED USE ON A HOUSING OR BUILDING**
23 **VIOLATION NOTICE; AND**

24 **[(11)] (12)** all other real property that is directed by this article to be
25 assessed.

26 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
27 as follows:

28 **Article – Corporations and Associations**

29 **1–407.**

1 (A) IN THIS SECTION, “ENTITY” HAS THE MEANING STATED IN § 1-501 OF
2 THIS TITLE.

3 (B) THIS SECTION APPLIES TO AN ENTITY THAT OWNS RESIDENTIAL REAL
4 PROPERTY IN THE STATE.

5 (C) AN ENTITY ANNUALLY SHALL FILE WITH THE DEPARTMENT A
6 CERTIFICATE:

7 (1) IN WRITING;

8 (2) AFFIRMED OR ACKNOWLEDGED UNDER OATH; AND

9 (3) DISCLOSING THE CORRECT CONTACT INFORMATION FOR A
10 REPRESENTATIVE OF THE ENTITY WHO HAS THE AUTHORITY TO COMMUNICATE
11 WITH THE PUBLIC ABOUT THE ENTITY.

12 (D) THE DEPARTMENT SHALL PROVIDE THE INFORMATION PROVIDED
13 UNDER SUBSECTION (C) OF THIS SECTION ON REQUEST BY A UNIT OF LOCAL
14 GOVERNMENT IN THE STATE.

15 **Article – Local Government**

16 **13-1002.**

17 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
18 INDICATED.

19 (2) “SHORT-TERM RENTAL” MEANS THE TEMPORARY USE OF A
20 SHORT-TERM RENTAL UNIT TO PROVIDE ACCOMMODATION TO TRANSIENT GUESTS
21 FOR LODGING PURPOSES IN EXCHANGE FOR CONSIDERATION.

22 (3) (I) “SHORT-TERM RENTAL UNIT” MEANS A RESIDENTIAL
23 DWELLING UNIT OR A PORTION OF THE UNIT USED FOR SHORT-TERM RENTALS.

24 (II) “SHORT-TERM RENTAL UNIT” INCLUDES A SINGLE-FAMILY
25 HOUSE OR DWELLING, A MULTIFAMILY HOUSE OR DWELLING, AN APARTMENT, A
26 CONDOMINIUM, OR A COOPERATIVE.

27 (B) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE
28 GOVERNING BODY OF A COUNTY MAY ADOPT RULES OR REGULATIONS, BY
29 RESOLUTION OR ORDINANCE, RELATING TO **HIGH-INTENSITY** USE OF SHORT-TERM

~~1 RENTALS. IN AREAS LACKING AN ADEQUATE SUPPLY OF AFFORDABLE HOUSING,
2 INCLUDING A RULE OR REGULATION THAT DEFINES A HIGH INTENSITY USE OF
3 SHORT TERM RENTALS BASED ON:~~

~~4 (1) THE NUMBER OF NIGHTS BOOKED;~~

~~5 (2) INFRASTRUCTURE CONSTRAINTS IN THE AREA SURROUNDING
6 THE SHORT TERM RENTAL UNITS;~~

~~7 (3) WHETHER THE SHORT TERM RENTAL UNITS ARE
8 OWNER OCCUPIED;~~

~~9 (4) CRITERIA TO IDENTIFY AREAS LACKING AN ADEQUATE SUPPLY OF
10 AFFORDABLE HOUSING; AND~~

~~11 (5) ANY OTHER CRITERIA RELATING TO SHORT TERM RENTALS.~~

12 SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall be
13 applicable to all taxable years beginning after June 30, 2024.

14 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect June
15 1, 2024.

SB0779 - Taxation of Vacant Property - Certificati

Uploaded by: Tom Ballentine

Position: UNF



February 20, 2024

The Honorable, Guy Guzzone, Chair
Senate Budget and Taxation Committee
Miller Senate Office Building, 3 West
Annapolis, Maryland 21401

Oppose: SB 779 – Taxation of Vacant Property – Certification of Company Representatives

Dear Chair, Guzzone, and Committee Members:

On behalf of the NAIOP Maryland Chapters representing 700 companies involved in all aspects of commercial, industrial, and mixed-use real estate I am writing in opposition to SB 779. NAIOP requests the committee consider the following points:

- SB 779 provides authority for the City of Baltimore or the governing body of a county to establish separate tax rates for subclasses of real property for vacant residential property. This provision breaks from the foundational principle that real estate in Maryland should be taxed at uniform rates regardless of use type.
- Washington DC has used this authority to tax vacant property at five times the rate of occupied property. ([D.C. Homeowners See Skyrocketing Property Tax Bills After Houses Declared Vacant - dcist.com](https://dcist.com))
- SB 779 is intended to be used to tax vacant and blighted properties but there is no definition of vacant or unfit for habitation in the bill or process for property owners to be notified or to appeal the redesignation of their tax status.
- In our opinion, SB 779 is not a particularly good vehicle to deal with vacant property because increasing unpaid property tax obligations will make it harder to clear title and bring these properties to market. It also makes accumulating and holding vacant land for redevelopment purposes more expensive.
- The bill also requires that entities that own residential real property in the state file a certification affirming contact information for the ownership entity. This requirement would be duplicative of resident agent notifications, rental registration, and licensing requirements already in place.

For these reasons NAIOP respectfully requests your unfavorable report on SB 779.

Sincerely,

A handwritten signature in blue ink that reads 'T.M. Ballentine'.

Tom Ballentine, Vice President for Policy
NAIOP – Maryland Chapters, *The Association for Commercial Real Estate*

cc: Budget and Taxation Committee Members
Nick Manis – Manis, Canning Assoc.