



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

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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.