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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.