



House Bill 765

Property Tax - Credit for Hotel or Residential Development Projects

MACo Position: **SUPPORT**

To: Budget and Taxation Committee

Date: March 26, 2024

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** HB 765. This bill aims to incentivize economic development and increase affordable housing stock by enabling local governments to enact a property tax credit for specified hotel and residential development projects.

MACo generally supports legislation that provides broad authority to enact tax incentives for revitalization and tax relief purposes and welcomes the opportunity to work with state policymakers to develop flexible and optional tools to create broad or targeted tax incentives. Counties prefer the approach offered by HB 765, as it provides local autonomy to determine the best way to provide these incentives, rather than those that mandate reductions in local revenue sources.

The bill authorizes local governments to grant a property tax credit for a hotel and residential development project that is newly constructed or involves substantial rehabilitation or revitalization of existing structures, and the project substantially increases the assessed value of the property. In addition, if the development includes more than twenty residential units, at least fifteen percent of all residential units must be affordable for households earning less than eighty percent of the area's median income.

Furthermore, the bill authorizes local governments to provide, by law, for the duration of the credit, the maximum assessed value of a dwelling that is eligible for the credit and, if necessary, any additional eligibility criteria. This will allow each jurisdiction that enacts the credit to tailor it to their community needs. Additionally, it gives each county broad discretion to determine how much revenue it is willing to forego to provide the desirable benefits enabled by the bill.

HB 765 ensures local governments have flexibility in enacting policies designed to serve and react to community needs. Accordingly, MACo urges the Committee to issue a **FAVORABLE** report for HB 765.