



February 23, 2024

The Honorable, Vanessa E. Atterbeary, Chair
House Ways and Means Committee
Room 131, House Office Building
Annapolis, Maryland 21401

Oppose: HB 919 – Property Tax - Authority to Set Special Rates

Dear Chair, Atterbeary 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 to strongly oppose HB 919.

This bill authorizes the counties and the City of Baltimore to set a special tax rate for subclasses of property within a special taxing district established to finance transportation projects and provides authority to apply jurisdiction-wide special tax rates to provide educational funding. NAIOP requests the committee consider the following points:

- Commercial real estate already generates more net tax revenue - real property, transfer, and recordation taxes - development fees and in-kind infrastructure improvements to local governments than any other property class.
- The bill would break the long-standing principle that property owners should pay uniform tax rates and there is very little doubt that the authority would result in narrowly drawn and discriminatory commercial real estate taxes.
- Section 21-701 of the Local Government Article exempts a county tax limitation that would otherwise apply on ad valorem, or special taxes imposed in a special taxing district if the revenues are dedicated to transportation improvements. The combined effect of HB 919 and this existing provision would allow a narrowly drawn subset of property owners in a special tax district to be taxed without the limitations that generally protect taxpayers from excessive levies. The companion authority allows establishment of county-wide special tax rates to fund education that could result in a second special rate to the same properties.
- Transportation funding deficits are in part due to lower motor fuel taxes and reduced transit ridership. Both trends can be traced to post COVID-19 hybrid and remote work that have also resulted in high vacancy rates and declining property values in business and employment districts. The taxes enabled by HB 919 would further deteriorate the financial struggles of distressed properties and slow the recovery of business districts.

For these reasons NAIOP respectfully requests your unfavorable report on HB 919.

Sincerely,

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

cc: Ways and Means Committee Members
Nick Manis – Manis, Canning Assoc.