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**HB 1508**

March 11, 2025

**TO:** Members of the House Ways and Means Committee

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

**RE:** HB 1508 - Baltimore City - Sales Tax - Authorization

**POSITION:** **Support**

Chair Atterbeary, Vice Chair Wilkins, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **supports** House Bill (HB) 1508.

HB 1508 would authorize the Mayor and City Council to establish a sales tax on retail sales of tangible personal property and taxable services in the City of Baltimore that cannot exceed 2%. Each percentage point of sales tax generates approximately \$69.3 million annually.

By providing Baltimore with the opportunity to generate its own revenue through a local sales tax, Maryland would be aligning its tax policy with Virginia, Pennsylvania, New York, North Carolina, and many other states. In fact, of the 124 U.S. cities with 200,000 residents or more, 89% generate revenue through a local sales tax and 59% receive 2.0% or more. Additionally, Baltimore is only one of three major independent cities in the country, along with St. Louis, MO (5.45% local sales tax share) and Carson City, NV (3.0% local sales tax share). All other major cities are part of larger counties. This means that Baltimore does not have the ability to draw on the resources of a county-wide government like most cities do. While Baltimore's cultural and tourist attractions bring in millions of visitors to the State annually, we do not receive a local share of sales tax revenue generated by those attractions.

The lack of a local sales tax is a contributing factor to Baltimore City's high property taxes. In a recent analysis, the CUNY Institute for State & Local Governance found that Baltimore's peer cities derive an average of 22% of their General Fund from property tax, and 21% from local sales tax. Baltimore currently draws 49% of our General Fund from property tax, and 0% from sales tax. Besides addressing Baltimore's infrastructure needs, a local sales tax would provide an opportunity to offer substantial property tax relief and rebalance the load between Baltimore's residents and the visitors who enjoy our city. This would in turn incentivize new homeowners to arrive and existing homeowners to stay, which is a critical step in turning around our population loss and putting Baltimore on the path to self-sufficiency and economic prosperity.

For these reasons, the BCA respectfully request a **favorable** report on HB 1508.