

Department of Legislative Services  
Maryland General Assembly  
2024 Session

FISCAL AND POLICY NOTE  
Enrolled - Revised

House Bill 2

(Delegate Boyce, *et al.*)

Ways and Means

Budget and Taxation

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**Property Taxes - Authority of Counties to Establish a Subclass and Set a Special Rate for Vacant and Abandoned Property**

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This bill authorizes Baltimore City and county governments to establish, by law, a subclass of real property consisting of vacant lots or improved property cited as vacant and unfit for habitation or other authorized use on a housing or building violation notice. Baltimore City and county governments are authorized to set a special property tax rate for a vacant lot or improved property cited as vacant and unfit for habitation or other authorized use on a housing or building violation notice. The bill adds a specified reporting requirement for jurisdictions that enact a special property tax rate. **The bill takes effect June 1, 2024, and applies to taxable years beginning after June 30, 2024.**

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** County property tax revenues (county governments and Baltimore City) may be affected depending on the real property tax rate that is set for vacant and abandoned property. Baltimore City and county government reporting requirements can be handled with existing resources.

**Small Business Effect:** Potential meaningful. Small businesses that own vacant or abandoned property may be affected depending on the real property tax rate set by Baltimore City or county governments.

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**Analysis**

**Current Law:** Title 8 of the Tax Property Article establishes the methods of property valuation and assessments and lists those classifications of property created by the

General Assembly. For assessment purposes, property is divided into two classes: real property and personal property. Real property is divided into 11 subclasses and personal property is divided into 7 subclasses. The State only imposes a property tax on real property, whereas county governments impose separate tax rates for real and personal property. State and county governments are not authorized to set separate property tax rates among different subclasses of property.

Unlike the State and county governments, municipalities have broader discretion to impose property tax rates on different classes of property. Municipalities may impose property taxes on those classes of property that it selects to be subject to the municipal property tax. In addition, municipalities retain the authority to classify property for local purposes and to impose different tax treatment on those classes. Furthermore, municipalities have the express power to exempt classes of property from taxation. Moreover, because municipalities may select the classes of property to be taxed and may set special rates for any class of property that is subject to the municipal property tax, municipalities retain the authority to levy different tax rates on selected classes of property.

Several municipalities have established a separate property class for municipal property tax purposes, including Luke in Allegany County; Cheverly, College Park, Colmar Manor, Cottage City, Forest Heights, Mount Rainier, North Brentwood, and Upper Marlboro in Prince George's County; and Pocomoke City in Worcester County.

Seven of the municipalities in Prince George's County impose a separate property tax rate for commercial real property, and two impose a separate rate for multifamily residential dwellings. Luke imposes a higher real property tax rate for commercial and rented residential property. Pocomoke City imposes a separate property tax rate for nonowner occupied property.

**Local Fiscal Effect:** County property tax revenues (county governments and Baltimore City) may be affected depending on the real property tax rate that is set by each jurisdiction for specified vacant and abandoned property. For fiscal 2024, the State Department of Assessments and Taxation reports that there are 242,361 vacant real property accounts statewide, excluding exempt and partially exempt accounts, with a total assessed value of \$14.1 billion.

As a point of reference, **Exhibit 1** shows the estimated taxable real property assessable base for fiscal 2025 and the revenue generated by a \$0.01 increase in county real property tax rates.

**Exhibit 1**  
**Revenue from a One Cent Property Tax Rate Increase**

| <u>County</u>   | <u>Total Real<br/>Assessable Base</u> | <u>\$.01 Increase<br/>in Tax Rate</u> |
|-----------------|---------------------------------------|---------------------------------------|
| Allegany        | \$4,147,611,000                       | \$414,761                             |
| Anne Arundel    | 96,672,740,000                        | 9,667,274                             |
| Baltimore City  | 46,915,729,000                        | 4,691,573                             |
| Baltimore       | 101,185,342,000                       | 10,118,534                            |
| Calvert         | 14,470,061,000                        | 1,447,006                             |
| Caroline        | 3,205,631,000                         | 320,563                               |
| Carroll         | 24,230,659,000                        | 2,423,066                             |
| Cecil           | 12,796,838,000                        | 1,279,684                             |
| Charles         | 24,057,996,000                        | 2,405,800                             |
| Dorchester      | 3,464,767,000                         | 346,477                               |
| Frederick       | 43,532,811,000                        | 4,353,281                             |
| Garrett         | 5,976,179,000                         | 597,618                               |
| Harford         | 33,521,663,000                        | 3,352,166                             |
| Howard          | 64,497,711,000                        | 6,449,771                             |
| Kent            | 3,312,005,000                         | 331,201                               |
| Montgomery      | 230,084,723,000                       | 23,008,472                            |
| Prince George's | 117,063,866,000                       | 11,706,387                            |
| Queen Anne's    | 10,271,106,000                        | 1,027,111                             |
| St. Mary's      | 14,911,116,000                        | 1,491,112                             |
| Somerset        | 1,680,423,000                         | 168,042                               |
| Talbot          | 8,552,746,000                         | 855,275                               |
| Washington      | 15,865,311,000                        | 1,586,531                             |
| Wicomico        | 8,101,101,000                         | 810,110                               |
| Worcester       | 19,479,955,000                        | 1,947,996                             |
| <b>Total</b>    | <b>\$907,998,091,000</b>              | <b>\$90,799,809</b>                   |

Source: State Department of Assessments and Taxation

Additional information on local property tax rates and revenues for Maryland counties and Baltimore City can be found in the [County Revenue Outlook Report – Fiscal 2024](#). Additional information on the county property tax base can be found in the [Local Government Overview Report](#). A copy of both reports is available on the Department of Legislative Services [website](#).

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### **Additional Information**

**Recent Prior Introductions:** Similar legislation has been introduced within the last three years. See HB 231 of 2023.

**Designated Cross File:** SB 138 (Senator Hayes) - Budget and Taxation.

**Information Source(s):** Baltimore City; State Department of Assessments and Taxation; Department of Legislative Services

**Fiscal Note History:** rh/hlb  
First Reader - January 23, 2024  
Third Reader - March 21, 2024  
Revised - Amendment(s) - March 21, 2024  
Enrolled - April 30, 2024  
Revised - Amendment(s) - April 30, 2024

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