

HOUSE BILL 23

Q1

5lr1615

(PRE-FILED)

By: **Delegates Fair, Charkoudian, Palakovich Carr, Pruski, Ruth, and Vogel**

Requested: November 1, 2024

Introduced and read first time: January 8, 2025

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 1, 2025

CHAPTER _____

1 AN ACT concerning

2 **Property Taxes – Authority of Counties to Establish a Subclass and Set a**
3 **Special Rate for Commercial and Industrial Property**

4 FOR the purpose of authorizing the Mayor and City Council of Baltimore City or the
5 governing body of a county to establish, by law, a subclass of real property consisting
6 of certain commercial and industrial property and to set a special property tax rate
7 for certain commercial and industrial property for the purpose of financing certain
8 transportation improvements or the approved budget of the county board of
9 education; requiring that the special rate shall be in addition to a certain general tax
10 rate, may not exceed a certain amount, and may not apply to the residential portion
11 of a mixed-use building that receives a certain exemption or credit; requiring the
12 Mayor and City Council of Baltimore City or the governing body of a county to grant
13 either a property tax exemption or a property tax credit against a special rate on
14 commercial and industrial property for the residential portion of a mixed-use
15 building; requiring the exemption or credit to be granted automatically under certain
16 circumstances; requiring a county to provide notice of the exemption or credit and
17 accept applications for the exemption or credit; authorizing the Mayor and City
18 Council of Baltimore City or the governing body of a county to grant a property tax
19 credit against a special rate on commercial and industrial property imposed on real
20 property owned or leased by certain businesses with fewer than a certain number of
21 employees; and generally relating to a special property tax rate for commercial and
22 industrial property.

23 BY repealing and reenacting, with amendments,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Article – Tax – Property
 2 Section 6–202.1 and 6–302
 3 Annotated Code of Maryland
 4 (2019 Replacement Volume and 2024 Supplement)

5 BY adding to
 6 Article – Tax – Property
 7 Section 7–402, 9–112, and 9–275
 8 Annotated Code of Maryland
 9 (2019 Replacement Volume and 2024 Supplement)

10 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
 11 That the Laws of Maryland read as follows:

12 **Article – Tax – Property**

13 6–202.1.

14 The Mayor and City Council of Baltimore City or the governing body of a county may
 15 establish, by law, a subclass of real property consisting of:

16 **(1) vacant lots [or] AND improved REAL property cited as vacant and unfit**
 17 **for habitation or other authorized use on a housing or building violation notice; OR**

18 **(2) ALL REAL PROPERTY THAT IS ASSIGNED THE FOLLOWING LAND**
 19 **USE CODES, AS DEFINED BY THE MARYLAND ASSESSMENT PROCEDURE MANUAL:**

20 **(I) COMMERCIAL;**

21 **(II) INDUSTRIAL;**

22 **(III) COMMERCIAL/INDUSTRIAL CONDOMINIUM;**

23 **(IV) RESIDENTIAL/COMMERCIAL; AND**

24 **(V) COMMERCIAL/RESIDENTIAL.**

25 6–302.

26 (a) Except as otherwise provided in this section and after complying with § 6–305
 27 of this subtitle, in each year after the date of finality and before the following July 1, the
 28 Mayor and City Council of Baltimore City or the governing body of each county annually
 29 shall set the tax rate for the next taxable year on all assessments of property subject to that
 30 county's property tax.

1 (b) (1) Except as provided in subsection (c) of this section and §§ 6–305 and
2 6–306 of this subtitle:

3 (i) there shall be a single county property tax rate for all real
4 property subject to county property tax except for operating real property described in §
5 8–109(c) of this article; and

6 (ii) the county tax rate applicable to personal property and the
7 operating real property described in § 8–109(c) of this article shall be no more than 2.5
8 times the rate for real property.

9 (2) Paragraph (1) of this subsection does not affect a special rate prevailing
10 in a taxing district or part of a county.

11 (c) (1) (I) The Mayor and City Council of Baltimore City or the governing
12 body of a county may set a special rate for a vacant lot [or] AND improved REAL property
13 cited as vacant and unfit for habitation or other authorized use on a housing or building
14 violation notice.

15 [(2)] (II) On or before December 1 each year, the Mayor and City Council
16 of Baltimore City or the governing body of a county that enacts a special rate under
17 [paragraph (1)] SUBPARAGRAPH (I) of this [subsection] PARAGRAPH shall report to the
18 Department of Housing and Community Development and, in accordance with § 2–1257 of
19 the State Government Article, to the General Assembly on:

20 [(i)] 1. the special rate set under [paragraph (1)]
21 SUBPARAGRAPH (I) of this [subsection] PARAGRAPH;

22 [(ii)] 2. the number of properties to which the special rate applies;

23 [(iii)] 3. the revenue change resulting from the special rate;

24 [(iv)] 4. the use of the revenue from the special rate; and

25 [(v)] 5. whether properties subject to the special rate are viable
26 for adaptive reuse, as defined in § 1–102 of the Housing and Community Development
27 Article, and plans to convert viable properties.

28 (2) (I) SUBJECT TO THE REQUIREMENTS OF THIS PARAGRAPH,
29 THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE GOVERNING BODY OF
30 A COUNTY MAY SET A SINGLE SPECIAL RATE FOR ALL REAL PROPERTY THAT IS
31 ASSIGNED THE FOLLOWING LAND USE CODES, AS DEFINED BY THE MARYLAND
32 ASSESSMENT PROCEDURE MANUAL:

33 1. COMMERCIAL;

- 1 2. INDUSTRIAL;
- 2 3. COMMERCIAL/INDUSTRIAL CONDOMINIUM;
- 3 4. RESIDENTIAL/COMMERCIAL; AND
- 4 5. COMMERCIAL/RESIDENTIAL.

5 (II) A SPECIAL RATE SET UNDER SUBPARAGRAPH (I) OF THIS
6 PARAGRAPH MAY BE IMPOSED ONLY:

- 7 1. WITHIN A SPECIAL TAXING DISTRICT ESTABLISHED
8 FOR THE PURPOSE OF FINANCING THE COST OF STATE OR COUNTY
9 TRANSPORTATION IMPROVEMENTS UNDER TITLE 21, SUBTITLE 7 OF THE LOCAL
10 GOVERNMENT ARTICLE; OR
- 11 2. ON A COUNTYWIDE BASIS FOR THE PURPOSE OF
12 FUNDING THE APPROVED BUDGET OF THE COUNTY BOARD OF EDUCATION.

13 (III) A SPECIAL RATE SET UNDER SUBPARAGRAPH (I) OF THIS
14 PARAGRAPH:

- 15 1. SHALL BE IN ADDITION TO THE GENERAL REAL
16 PROPERTY TAX RATE SET UNDER SUBSECTION (B)(1) OF THIS SECTION;
- 17 2. MAY NOT EXCEED A COMBINED TOTAL OF 12.5 CENTS
18 FOR EACH \$100 OF ASSESSED VALUE FOR BOTH OF THE PURPOSES SPECIFIED IN
19 SUBPARAGRAPH (II) OF THIS PARAGRAPH; AND
- 20 3. MAY NOT APPLY TO THE RESIDENTIAL PORTION OF A
21 MIXED-USE PROPERTY THAT RECEIVES EITHER AN EXEMPTION FROM THE SPECIAL
22 RATE UNDER § 7-402 OF THIS ARTICLE OR A CREDIT AGAINST THE SPECIAL RATE
23 UNDER § 9-112 OF THIS ARTICLE.

24 (3) IF A COUNTY SETS A SPECIAL PROPERTY TAX RATE UNDER
25 PARAGRAPH (1) OR (2) OF THIS SUBSECTION, IT SHALL PROMPTLY SEND A NOTICE
26 TO THE DEPARTMENT THAT INCLUDES:

- 27 (I) THE AMOUNT OF THE RATE; AND
- 28 (II) THE CLASS OF PROPERTY TO WHICH THE RATE APPLIES.

29 7-402.

1 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
2 INDICATED.

3 (2) “MIXED-USE PROPERTY” MEANS A PROPERTY THAT INCLUDES
4 BOTH:

5 (I) A COMMERCIAL OR INDUSTRIAL USE; AND

6 (II) A RESIDENTIAL USE.

7 (3) “PUBLICLY AVAILABLE RECORDS” INCLUDES:

8 (I) VALUATION RECORDS OF THE DEPARTMENT;

9 (II) COUNTY RECORDS, INCLUDING LICENSE OR PERMIT
10 RECORDS; AND

11 (III) ANY OTHER RECORD FROM A GOVERNMENTAL OR PRIVATE
12 SOURCE THAT IS ACCESSIBLE TO A COUNTY AND PROVIDES RELIABLE INFORMATION
13 ON THE USE OF PROPERTY.

14 (B) IF THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE
15 GOVERNING BODY OF A COUNTY SETS A SPECIAL RATE UNDER § 6-302(C)(2) OF THIS
16 ARTICLE, THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE GOVERNING
17 BODY OF THE COUNTY SHALL, BY LAW, GRANT EITHER:

18 (1) A CREDIT AGAINST THE SPECIAL RATE FOR THE ENTIRE
19 RESIDENTIAL PORTION OF A MIXED-USE PROPERTY IN ACCORDANCE WITH § 9-112
20 OF THIS ARTICLE; OR

21 (2) AN EXEMPTION FROM THE SPECIAL RATE FOR THE ENTIRE
22 RESIDENTIAL PORTION OF A MIXED-USE PROPERTY IN ACCORDANCE WITH THIS
23 SECTION.

24 (C) A COUNTY MAY CALCULATE THE EXEMPTION UNDER THIS SECTION:

25 (1) AS A PERCENTAGE OF A MIXED-USE PROPERTY’S SPECIAL TAX
26 LIABILITY THAT IS EQUAL TO THE PERCENTAGE OF THE TOTAL SQUARE FOOTAGE
27 OF THE PROPERTY THAT IS USED FOR RESIDENTIAL PURPOSES;

28 (2) AS A PERCENTAGE OF A MIXED-USE PROPERTY’S SPECIAL TAX
29 LIABILITY THAT IS EQUAL TO THE PERCENTAGE OF THE TOTAL INCOME PRODUCED
30 BY THE PROPERTY THAT IS DERIVED FROM RESIDENTIAL USE; OR

1 **(3) USING ANY OTHER REASONABLE METHOD THAT ENSURES THE**
2 **ENTIRE RESIDENTIAL PORTION OF A MIXED-USE PROPERTY IS NOT SUBJECT TO THE**
3 **SPECIAL RATE.**

4 **(D) THE EXEMPTION UNDER THIS SECTION CONTINUES FOR AS LONG AS THE**
5 **SPECIAL RATE IS IN EFFECT.**

6 **(E) A COUNTY SHALL AUTOMATICALLY GRANT THE EXEMPTION UNDER THIS**
7 **SECTION WITHOUT REQUIRING AN APPLICATION FROM THE PROPERTY OWNER IF,**
8 **BASED ON PUBLICLY AVAILABLE RECORDS, THE COUNTY IS ABLE TO:**

9 **(1) IDENTIFY A MIXED-USE PROPERTY THAT IS SUBJECT TO THE**
10 **SPECIAL RATE; AND**

11 **(2) CALCULATE THE EXEMPTION DUE FOR THE RESIDENTIAL**
12 **PORTION OF THAT MIXED-USE PROPERTY.**

13 **(F) (1) IF, BASED ON PUBLICLY AVAILABLE RECORDS, A COUNTY IS ABLE**
14 **TO IDENTIFY A MIXED-USE PROPERTY THAT IS SUBJECT TO THE SPECIAL RATE BUT**
15 **HAS INSUFFICIENT INFORMATION TO CALCULATE THE EXEMPTION DUE FOR THE**
16 **RESIDENTIAL PORTION OF THAT MIXED-USE PROPERTY, THE COUNTY MAY REQUEST**
17 **ADDITIONAL INFORMATION FROM THE OWNER OF THE MIXED-USE PROPERTY TO**
18 **ENABLE THE COUNTY TO CALCULATE THE EXEMPTION DUE.**

19 **(2) IF AN OWNER OF A MIXED-USE PROPERTY DOES NOT PROVIDE**
20 **THE INFORMATION REQUESTED TO CALCULATE THE EXEMPTION DUE, THE COUNTY**
21 **IS NOT REQUIRED TO GRANT THE EXEMPTION UNDER THIS SECTION TO THAT**
22 **MIXED-USE PROPERTY.**

23 **(G) A COUNTY SHALL ACCEPT APPLICATIONS FOR THE EXEMPTION UNDER**
24 **THIS SECTION FROM AN OWNER OF A MIXED-USE PROPERTY THAT IS NOT**
25 **AUTOMATICALLY GRANTED AN EXEMPTION UNDER SUBSECTION (E) OF THIS**
26 **SECTION.**

27 **(H) (1) A COUNTY SHALL PROVIDE WRITTEN NOTICE OF THE EXEMPTION**
28 **UNDER THIS SECTION TO THE OWNER OF EACH PROPERTY THAT IS SUBJECT TO THE**
29 **SPECIAL RATE AND IS NOT AUTOMATICALLY GRANTED AN EXEMPTION UNDER**
30 **SUBSECTION (E) OF THIS SECTION.**

31 **(2) THE NOTICE SHALL INCLUDE:**

32 **(I) A DESCRIPTION OF THE EXEMPTION UNDER THIS SECTION;**
33 **AND**

1 (II) INSTRUCTIONS ON HOW TO APPLY FOR THE EXEMPTION.

2 (I) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE
3 GOVERNING BODY OF A COUNTY MAY PROVIDE, BY LAW, FOR:

4 (1) REGULATIONS AND PROCEDURES FOR THE APPLICATION AND
5 UNIFORM PROCESSING OF REQUESTS FOR THE EXEMPTION; AND

6 (2) ANY OTHER PROVISION NECESSARY TO CARRY OUT THE
7 EXEMPTION UNDER THIS SECTION.

8 9-112.

9 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
10 INDICATED.

11 (2) "MIXED-USE PROPERTY" MEANS A PROPERTY THAT INCLUDES
12 BOTH:

13 (I) A COMMERCIAL OR INDUSTRIAL USE; AND

14 (II) A RESIDENTIAL USE.

15 (3) "PUBLICLY AVAILABLE RECORDS" INCLUDES:

16 (I) VALUATION RECORDS OF THE DEPARTMENT;

17 (II) COUNTY RECORDS, INCLUDING LICENSE OR PERMIT
18 RECORDS; AND

19 (III) ANY OTHER RECORD FROM A GOVERNMENTAL OR A
20 PRIVATE SOURCE THAT IS ACCESSIBLE TO A COUNTY AND PROVIDES RELIABLE
21 INFORMATION ON THE USE OF PROPERTY.

22 (B) IF THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE
23 GOVERNING BODY OF A COUNTY SETS A SPECIAL RATE UNDER § 6-302(C)(2) OF THIS
24 ARTICLE, THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE GOVERNING
25 BODY OF THE COUNTY SHALL, BY LAW, GRANT EITHER:

26 (1) AN EXEMPTION FROM THE SPECIAL RATE FOR THE ENTIRE
27 RESIDENTIAL PORTION OF A MIXED-USE PROPERTY IN ACCORDANCE WITH § 7-402
28 OF THIS ARTICLE; OR

1 **(2)** A CREDIT AGAINST THE SPECIAL RATE FOR THE ENTIRE
2 RESIDENTIAL PORTION OF A MIXED-USE PROPERTY IN ACCORDANCE WITH THIS
3 SECTION.

4 **(C)** A COUNTY MAY CALCULATE THE CREDIT UNDER THIS SECTION:

5 **(1)** AS A PERCENTAGE OF A MIXED-USE PROPERTY'S SPECIAL TAX
6 LIABILITY THAT IS EQUAL TO THE PERCENTAGE OF THE TOTAL SQUARE FOOTAGE
7 OF THE PROPERTY THAT IS USED FOR RESIDENTIAL PURPOSES;

8 **(2)** AS A PERCENTAGE OF A MIXED-USE PROPERTY'S SPECIAL TAX
9 LIABILITY THAT IS EQUAL TO THE PERCENTAGE OF THE TOTAL INCOME PRODUCED
10 BY THE PROPERTY THAT IS DERIVED FROM RESIDENTIAL USE; OR

11 **(3)** USING ANY OTHER REASONABLE METHOD THAT ENSURES THE
12 ENTIRE RESIDENTIAL PORTION OF A MIXED-USE PROPERTY IS NOT SUBJECT TO THE
13 SPECIAL RATE.

14 **(D)** THE CREDIT UNDER THIS SECTION CONTINUES FOR AS LONG AS THE
15 SPECIAL RATE IS IN EFFECT.

16 **(E)** A COUNTY SHALL AUTOMATICALLY GRANT THE CREDIT UNDER THIS
17 SECTION WITHOUT REQUIRING AN APPLICATION FROM THE PROPERTY OWNER IF,
18 BASED ON PUBLICLY AVAILABLE RECORDS, THE COUNTY IS ABLE TO:

19 **(1)** IDENTIFY A MIXED-USE PROPERTY THAT IS SUBJECT TO THE
20 SPECIAL RATE; AND

21 **(2)** CALCULATE THE CREDIT DUE FOR THE RESIDENTIAL PORTION OF
22 THAT MIXED-USE PROPERTY.

23 **(F)** **(1)** IF, BASED ON PUBLICLY AVAILABLE RECORDS, A COUNTY IS ABLE
24 TO IDENTIFY A MIXED-USE PROPERTY THAT IS SUBJECT TO THE SPECIAL RATE BUT
25 HAS INSUFFICIENT INFORMATION TO CALCULATE THE CREDIT DUE FOR THE
26 RESIDENTIAL PORTION OF THAT MIXED-USE PROPERTY, THE COUNTY MAY REQUEST
27 ADDITIONAL INFORMATION FROM THE OWNER OF THE MIXED-USE PROPERTY TO
28 ENABLE THE COUNTY TO CALCULATE THE CREDIT DUE.

29 **(2)** IF AN OWNER OF A MIXED-USE PROPERTY DOES NOT PROVIDE
30 THE INFORMATION REQUESTED TO CALCULATE THE CREDIT DUE, THE COUNTY IS
31 NOT REQUIRED TO GRANT THE CREDIT UNDER THIS SECTION TO THAT MIXED-USE
32 PROPERTY.

1 **(G) A COUNTY SHALL ACCEPT APPLICATIONS FOR THE CREDIT UNDER THIS**
2 **SECTION FROM AN OWNER OF A MIXED-USE PROPERTY THAT IS NOT**
3 **AUTOMATICALLY GRANTED A CREDIT UNDER SUBSECTION (E) OF THIS SECTION.**

4 **(H) (1) A COUNTY SHALL PROVIDE WRITTEN NOTICE OF THE CREDIT**
5 **UNDER THIS SECTION TO THE OWNER OF EACH PROPERTY THAT IS SUBJECT TO THE**
6 **SPECIAL RATE AND IS NOT AUTOMATICALLY GRANTED A CREDIT UNDER**
7 **SUBSECTION (E) OF THIS SECTION.**

8 **(2) THE NOTICE SHALL INCLUDE:**

9 **(I) A DESCRIPTION OF THE CREDIT UNDER THIS SECTION; AND**

10 **(II) INSTRUCTIONS ON HOW TO APPLY FOR THE CREDIT.**

11 **(I) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE**
12 **GOVERNING BODY OF A COUNTY MAY PROVIDE, BY LAW, FOR:**

13 **(1) REGULATIONS AND PROCEDURES FOR THE APPLICATION AND**
14 **UNIFORM PROCESSING OF REQUESTS FOR THE CREDIT; AND**

15 **(2) ANY OTHER PROVISION NECESSARY TO CARRY OUT THE CREDIT**
16 **UNDER THIS SECTION.**

17 **9-275.**

18 **(A) IF THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE**
19 **GOVERNING BODY OF A COUNTY SETS A SPECIAL RATE UNDER § 6-302(C)(2) OF THIS**
20 **ARTICLE, THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE GOVERNING**
21 **BODY OF THE COUNTY MAY GRANT, BY LAW, A PROPERTY TAX CREDIT AGAINST THE**
22 **SPECIAL RATE IMPOSED ON REAL PROPERTY OWNED OR LEASED BY A BUSINESS**
23 **THAT EMPLOYS 15 OR FEWER EMPLOYEES.**

24 **(B) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE**
25 **GOVERNING BODY OF A COUNTY MAY PROVIDE, BY LAW, FOR:**

26 **(1) THE AMOUNT AND DURATION OF THE TAX CREDIT;**

27 **(2) ADDITIONAL ELIGIBILITY REQUIREMENTS FOR THE TAX CREDIT;**

28 **(3) PROCEDURES FOR THE APPLICATION AND UNIFORM PROCESSING**
29 **OF REQUESTS FOR THE TAX CREDIT; AND**

1 **(4) ANY OTHER PROVISION NECESSARY TO CARRY OUT THE TAX**
2 **CREDIT UNDER THIS SECTION.**

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
4 1, 2025, and shall be applicable to all taxable years beginning after June 30, 2025.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.