

Department of Legislative Services  
Maryland General Assembly  
2025 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 1178  
Ways and Means

(Delegate Young, *et al.*)

---

**Baltimore City - Property Taxes - Authority to Set Special Rates**

---

This bill authorizes Baltimore City to set special property tax rates for any class or subclass of property subject to the city property tax. **The bill takes effect June 1, 2025, and applies to taxable years beginning after June 30, 2025.**

---

**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Baltimore City property tax revenues may be affected depending on the property tax rates that are set by the city government. Baltimore City expenditures are not directly affected.

**Small Business Effect:** Potential meaningful. Small businesses within Baltimore City may be affected depending on the property tax rates set by the city government.

---

**Analysis**

**Current Law:** Local property tax rates are set annually by local governments. Prior to fiscal 2025, Baltimore City and county governments were not authorized to set separate property tax rates among different subclasses of property. However, Chapter 277 of 2024 authorized Baltimore City and county governments, beginning July 1, 2024, 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 properties within this subclass. An annual reporting requirement was included for jurisdictions that enact a special property tax rate.

Unlike Baltimore City 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.

### *Property Valuation and Assessments*

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. Several county governments do not impose a personal property tax on business property.

**Local Fiscal Effect:** Baltimore City property tax revenues may be affected depending on the property tax rates that are set by the city government on different classes and subclasses of property. Information on local property tax rates and revenues for Baltimore City and county governments can be found in the [County Revenue Outlook Report](#). A copy of the report is available on the Department of Legislative Services [website](#).

---

## **Additional Information**

**Recent Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** None.

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

**Fiscal Note History:** First Reader - February 24, 2025  
js/hlb

---

Analysis by: Michael Sanelli

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510