

SENATE BILL 224

Q1

HB 23/25 – W&M

(PRE-FILED)

6lr0866

CF HB 90

By: **Senator Lewis Young**

Requested: September 16, 2025

Introduced and read first time: January 14, 2026

Assigned to: Budget and Taxation

A BILL ENTITLED

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,
24 Article – Tax – Property
25 Section 6–202.1 and 6–302(b)
26 Annotated Code of Maryland
27 (2019 Replacement Volume and 2025 Supplement)

28 BY adding to

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Article – Tax – Property

Section 6–302(e) and (f), 7–402, 9–112, and 9–276

Annotated Code of Maryland

(2019 Replacement Volume and 2025 Supplement)

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

Article – Tax – Property

6–202.1.

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

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

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

(I) COMMERCIAL;

(II) INDUSTRIAL;

(III) COMMERCIAL/INDUSTRIAL CONDOMINIUM;

(IV) RESIDENTIAL/COMMERCIAL; AND

(V) COMMERCIAL/RESIDENTIAL.

6–302.

(b) (1) Except as provided in [subsection] **SUBSECTIONS (c) AND (E)** of this section and §§ 6–305 and 6–306 of this subtitle:

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

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

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

(E) (1) SUBJECT TO THE REQUIREMENTS OF THIS SUBSECTION, THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE GOVERNING BODY OF A COUNTY MAY SET A SINGLE SPECIAL RATE FOR ALL REAL PROPERTY THAT IS ASSIGNED THE FOLLOWING LAND USE CODES, AS DEFINED BY THE MARYLAND ASSESSMENT PROCEDURE MANUAL:

(I) COMMERCIAL;

(II) INDUSTRIAL;

(III) COMMERCIAL/INDUSTRIAL CONDOMINIUM;

(IV) RESIDENTIAL/COMMERCIAL; AND

(V) COMMERCIAL/RESIDENTIAL.

(2) A SPECIAL RATE SET UNDER PARAGRAPH (1) OF THIS SUBSECTION MAY BE IMPOSED ONLY:

(I) WITHIN A SPECIAL TAXING DISTRICT ESTABLISHED FOR THE PURPOSE OF FINANCING THE COST OF STATE OR COUNTY TRANSPORTATION IMPROVEMENTS UNDER TITLE 21, SUBTITLE 7 OF THE LOCAL GOVERNMENT ARTICLE; OR

(II) ON A COUNTYWIDE BASIS FOR THE PURPOSE OF FUNDING THE APPROVED BUDGET OF THE COUNTY BOARD OF EDUCATION.

(3) A SPECIAL RATE SET UNDER PARAGRAPH (1) OF THIS SUBSECTION:

(I) SHALL BE IN ADDITION TO THE GENERAL REAL PROPERTY TAX RATE SET UNDER SUBSECTION (B)(1) OF THIS SECTION;

(II) MAY NOT EXCEED A COMBINED TOTAL OF 12.5 CENTS FOR EACH \$100 OF ASSESSED VALUE FOR BOTH OF THE PURPOSES SPECIFIED IN PARAGRAPH (2) OF THIS SUBSECTION; AND

(III) MAY NOT APPLY TO THE RESIDENTIAL PORTION OF A MIXED-USE PROPERTY THAT RECEIVES EITHER AN EXEMPTION FROM THE SPECIAL RATE UNDER § 7-402 OF THIS ARTICLE OR A CREDIT AGAINST THE SPECIAL RATE UNDER § 9-112 OF THIS ARTICLE.

(F) IF A COUNTY SETS A SPECIAL PROPERTY TAX RATE UNDER SUBSECTION (C) OR (E) OF THIS SECTION, IT SHALL PROMPTLY SEND A NOTICE TO THE DEPARTMENT THAT INCLUDES:

(1) THE AMOUNT OF THE RATE; AND

(2) THE CLASS OF PROPERTY TO WHICH THE RATE APPLIES.

7-402.

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

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

(I) A COMMERCIAL OR INDUSTRIAL USE; AND

(II) A RESIDENTIAL USE.

(3) "PUBLICLY AVAILABLE RECORDS" INCLUDES:

(I) VALUATION RECORDS OF THE DEPARTMENT;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

30 **(G) A COUNTY SHALL ACCEPT APPLICATIONS FOR THE EXEMPTION UNDER**
31 **THIS SECTION FROM AN OWNER OF A MIXED-USE PROPERTY THAT IS NOT**
32 **AUTOMATICALLY GRANTED AN EXEMPTION UNDER SUBSECTION (E) OF THIS**
33 **SECTION.**

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

(2) THE NOTICE SHALL INCLUDE:

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

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

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

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

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

9–112.

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

(2) “MIXED–USE PROPERTY” MEANS A PROPERTY THAT INCLUDES BOTH:

(I) A COMMERCIAL OR INDUSTRIAL USE; AND

(II) A RESIDENTIAL USE.

(3) “PUBLICLY AVAILABLE RECORDS” INCLUDES:

(I) VALUATION RECORDS OF THE DEPARTMENT;

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

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

1 **(B) IF THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE**
2 **GOVERNING BODY OF A COUNTY SETS A SPECIAL RATE UNDER § 6-302(E) OF THIS**
3 **ARTICLE, THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE GOVERNING**
4 **BODY OF THE COUNTY SHALL, BY LAW, GRANT EITHER:**

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

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

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

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

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

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

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

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

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

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

30 **(F) (1) IF, BASED ON PUBLICLY AVAILABLE RECORDS, A COUNTY IS ABLE**
31 **TO IDENTIFY A MIXED-USE PROPERTY THAT IS SUBJECT TO THE SPECIAL RATE BUT**
32 **HAS INSUFFICIENT INFORMATION TO CALCULATE THE CREDIT DUE FOR THE**
33 **RESIDENTIAL PORTION OF THAT MIXED-USE PROPERTY, THE COUNTY MAY REQUEST**

1 ADDITIONAL INFORMATION FROM THE OWNER OF THE MIXED-USE PROPERTY TO
2 ENABLE THE COUNTY TO CALCULATE THE CREDIT DUE.

3 (2) IF AN OWNER OF A MIXED-USE PROPERTY DOES NOT PROVIDE
4 THE INFORMATION REQUESTED TO CALCULATE THE CREDIT DUE, THE COUNTY IS
5 NOT REQUIRED TO GRANT THE CREDIT UNDER THIS SECTION TO THAT MIXED-USE
6 PROPERTY.

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

10 (H) (1) A COUNTY SHALL PROVIDE WRITTEN NOTICE OF THE CREDIT
11 UNDER THIS SECTION TO THE OWNER OF EACH PROPERTY THAT IS SUBJECT TO THE
12 SPECIAL RATE AND IS NOT AUTOMATICALLY GRANTED A CREDIT UNDER
13 SUBSECTION (E) OF THIS SECTION.

14 (2) THE NOTICE SHALL INCLUDE:

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

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

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

19 (1) REGULATIONS AND PROCEDURES FOR THE APPLICATION AND
20 UNIFORM PROCESSING OF REQUESTS FOR THE CREDIT; AND

21 (2) ANY OTHER PROVISION NECESSARY TO CARRY OUT THE CREDIT
22 UNDER THIS SECTION.

23 9-276.

24 (A) IF THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE
25 GOVERNING BODY OF A COUNTY SETS A SPECIAL RATE UNDER § 6-302(E) OF THIS
26 ARTICLE, THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE GOVERNING
27 BODY OF THE COUNTY MAY GRANT, BY LAW, A PROPERTY TAX CREDIT AGAINST THE
28 SPECIAL RATE IMPOSED ON REAL PROPERTY OWNED OR LEASED BY A BUSINESS
29 THAT EMPLOYS 15 OR FEWER EMPLOYEES.

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

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

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

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

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

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
8 1, 2026, and shall be applicable to all taxable years beginning after June 30, 2026.