

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 369
(Senator Hettleman)
Budget and Taxation

**Nonprofit Housing Corporations - Tax and Enforcement of Judgment
Exemptions - Alterations**

This bill expands the definition of “nonprofit housing corporation” and makes subsidiary entities of nonprofit housing corporations exempt from State and local taxes in the same manner as subsidiary entities of housing authorities are currently exempt. The bill also exempts property of a nonprofit housing corporation that is used for low income housing from procedures for enforcement of a judgement against the nonprofit housing corporation.

The bill takes effect July 1, 2026.

Fiscal Summary

State Effect: State property tax revenues decrease by an indeterminate amount beginning in FY 2027 depending on the number of nonprofit housing corporations qualifying for the tax exemption under the bill. State expenditures are not directly affected.

Local Effect: Local property tax revenues decrease by an indeterminate amount beginning in FY 2027 depending on the number of nonprofit housing corporations that qualify for the tax exemption under the bill. Local government expenditures are not directly affected.

Small Business Effect: None.

Analysis

Bill Summary: The bill alters the definition of nonprofit housing corporation for purposes of an existing tax exemption and expands the tax exemption to cover the additional entities included in the broader definition. Nonprofit housing corporation is defined to include a corporation: (1) incorporated under the laws of the State or authorized to do business in

the State by the State Department of Assessments and Taxation; (2) recognized by the Internal Revenue Service as an organization described in § 501(c)(3) of the Internal Revenue Code; and (3) organized and operated for the primary purpose of developing, owning, or operating housing for persons of eligible income.

Current Law: A nonprofit housing corporation is a nonprofit or charitable private corporation that provides safe and sanitary housing to persons of eligible income in such a way that the corporation works essentially like a housing authority.

Property that is used for essential public and governmental purposes and is exempt from all taxes and special assessments of the State or a political subdivision if the property: (1) belongs to an authority or a nonprofit housing corporation; (2) is used as housing for persons of eligible income and is owned in whole or in part, directly or indirectly, through one or more wholly or partially owned subsidiary entities of a housing authority entity; or (3) is used, or if planned or under construction will be used, as housing for persons of eligible income and is owned in whole or in part, directly or indirectly, through one or more wholly or partially owned subsidiary entities of a housing authority entity and has improvements, or has improvements planned or under construction, located on land that is owned by an authority or an entity that is controlled or wholly owned by an authority.

An authority, a nonprofit housing corporation, or a housing authority may enter into a payment in lieu of taxes agreement with a political subdivision in which a housing project is wholly or partly located.

State Fiscal Effect: State property tax revenues decrease by an indeterminate amount beginning in fiscal 2027 depending on the number of nonprofit housing corporations qualifying for the tax exemption under the bill.

Local Fiscal Effect: Local property tax revenues decrease by an indeterminate amount beginning in fiscal 2027 depending on the number of nonprofit housing corporations that qualify for the tax exemption under the bill.

Information on local property tax rates and revenues is provided 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: HB 571 (Delegate Allen) - Economic Matters.

Information Source(s): Maryland Association of Counties; Maryland Municipal League; Department of Housing and Community Development; State Department of Assessments and Taxation; Department of Legislative Services

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