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Testimony of Delegate Samuel I. Rosenberg
Before the House Ways & Means Committee

In Support Of

House Bill 1042

**Baltimore City – Property Tax Credit –
Newly Constructed and Substantially Rehabilitated Dwellings**

Madam Chair and Members of the Committee:

Between 1950 and 2019, Baltimore City lost 357,000 residents.¹ There has been a population decline for the last 70 years. Residents are perhaps the most important economic engine for a city, as residential growth has shown a “high return on investment (ROI) in terms of public dollars spent and public gains achieved.”²

By increasing the population of homeowners in Baltimore, there could be an *ongoing* impact of “\$2.37 billion in new household income, \$1.9 billion in new household spending, \$128 million in new annual City tax revenue, [and] 10,900 new local jobs”, a comprehensive analysis of the City’s housing market found.³

It is clear we must do all we can to encourage more residents to live in Baltimore City. We need not reinvent the wheel to implement a solution.

Philadelphia had a law, which is one of the most comprehensive property tax abatements in the country. Originally, it was a 10-year, 100 percent abatement on increased property taxes, but is being altered to reduce 10% each year (as this bill does), as it achieved its intended purpose, turning the corner on its post-manufacturing economy.⁴

¹ Econsult Solutions, Inc. (August 3, 2020). *The Power of Residential Growth: How Increasing Baltimore’s Population Strengthens Local Neighborhoods and Boosts the City Economy*. Page 6. <https://livebaltimore.com/wp-content/uploads/2021/01/BDC-Residential-Growth-Impact-Report-FINAL.pdf>

² *Id* at 5.

³ *Id* at 13, 19.

⁴ *Id* at 45.

Twenty years after enacting the law, it “resulted in a significant expansion in the city’s tax base as abated parcels are now back on the tax rolls at their full and higher assessment levels.”⁵ It is credited with spurring development in not only the city’s core downtown area but also the adjacent neighborhoods.⁶

House Bill 1042 models that legislation. HB1042 would authorize the Mayor and City Council to grant a property tax credit for newly constructed or substantially rehabilitated homes. In the first taxable year, 100% of the property tax credit would apply. Thereafter a 10% decrease would occur every year from year 1 to 10. After that, in the eleventh taxable year, there is no property tax credit. This would only apply to homes in Baltimore City owned by homeowners and whose reassessment value has increased since the last reassessment.

This legislation would encourage homeownership in Baltimore City and bring major economic revitalization throughout the city. Studies have proven the potential market is there and now is a critical time to take advantage of the opportunity to spur residential growth. Baltimore is uniquely positioned to emerge from the post-COVID economy stronger than before if certain implementations in our housing market occur.

Therefore, I urge the Committee to act favorably on House Bill 1042.

February 23, 2021

⁵ *Id* at 45.

⁶ *Id* at 45.