

CDN HB231 FAVORABLE CO.pdf

Uploaded by: Claudia Wilson Randall

Position: FAV



Testimony HB 231
BUDGET and TAXATION COMMITTEE
March 29, 2023
Position: FAVORABLE

Dear Chairman Guzzone and Members of the Budget and Taxation Committee

The Community Development Network of Maryland (CDN) is the voice for Maryland's community development sector and serves nearly 200 member organizations. CDN—focuses on small affordable housing developers, housing counseling agencies and community-based non-profits across the state of Maryland. The mission of CDN is to promote, strengthen and advocate for the community development sector throughout Maryland's urban, suburban and rural communities.

HB 231 Baltimore City – Property Taxes – Authority to Set Special Rates.

The current tax system requires all properties to be taxed at the same rate. These rates are based on the state assessment of value. Vacant properties are typically assessed for a significantly lower value than occupied properties but have a much higher cost to the city with demands for city services. The effective result of this is occupied properties subsidizing the services demanded for vacant properties. This results from the very low amount of taxes paid by vacant properties due to low assessments.

Two recent studies concluded that vacant properties cost Baltimore City over \$100 million annually in direct costs through city services and an additional \$100 million annually in reduced collections because of the direct impact of the vacant properties on the value of surrounding properties. This annual cost to the city is directly attributed to the 14,339 vacant properties in Baltimore. This means that the direct cost to the city in provision of services and lost revenue is more than \$13,000 for each vacant property.

Almost all vacant properties in Baltimore have tax assessments below \$40,000. This results in a tax bill that is less than \$1,000. The result is that the remaining city taxpayers are over taxed. These properties are not only blighting our neighborhoods physical environment they are also utilizing a disproportionate number of resources and blocking revitalization efforts. Giving Baltimore City the ability to create special property tax rates that could help address this problem. Vacant properties could be taxed at a rate appropriate for the services demanded or a minimum tax for vacant properties could be determined to ensure support for the needed city services.

We urge your favorable report for HB 231.

Submitted by Claudia Wilson Randall, Executive Director, Community Development Network

HB231 Crossover.pdf

Uploaded by: Dan Ellis

Position: FAV



Neighborhood Housing Services of Baltimore, Inc.

March 28, 2023

Senator Guy Guzzone

Budget and Taxation Committee
Miller Senate Office Building
Annapolis, Maryland 21401

RE: House Bill 231

Honorable Senator Guzzone and Members of the Committee:

I am the Executive Director of Neighborhood Housing Services of Baltimore (NHS), and a resident of Baltimore City. Our organization believes that economic and social justice are a right for all residents and communities. We promote this belief by removing barriers of access to homeownership, helping resident access resources to maintain their homes, and supporting communities historically impacted by systemic disinvestment.

One area where economic justice can be expanded in Baltimore City is the property tax system. The current tax system requires all properties to be taxed at the same rate. These rates are based on the state assessment of value. Vacant properties are typically assessed for a significantly lower value than occupied properties but have a much higher cost to the city with demands for city services. The effective result of this is occupied properties subsidizing the services demanded for vacant properties. This results from the very low amount of taxes paid by vacant properties due to low assessments. A recent [study](#) conducted by Johns Hopkins University concluded that vacant properties cost Baltimore City over \$100 million annually in direct costs through city services and an additional \$100 million annually in reduced collections because of the direct impact of the vacant properties on the value of surrounding properties. This annual cost to the city is directly attributed to the 14,339 vacant properties in Baltimore. This means that the direct cost to the city in provision of services and lost revenue is \$13,948 for each vacant property in Baltimore. Almost all vacant properties in Baltimore have tax assessments below \$40,000. This results in a tax bill that is less than \$1,000. The result is that the remaining city taxpayers are subsidizing the cost of vacant properties. These properties are not only blighting our neighborhoods physical environment they are also utilizing a disproportionate number of resources depriving the city of desperately needed funding for city services and revitalization. HB231 enables Baltimore City to create special property tax rates that could help address this problem. Vacant properties could be taxed at a rate appropriate for the services demanded or a minimum tax for vacant properties could be determined to ensure support for the needed city services.

Another issue of concern in Baltimore City is the high tax rate. This can be a deterrent for some people considering moving to Baltimore City. The current tax rate is double the rate of several surrounding jurisdictions. Homeowners are typically the lowest burden on city services with vacant properties and landlords often requiring higher levels of services. By authorizing differential tax rates, the General Assembly would be empowering Baltimore City to create an equitable tax system. The rate for homeowners could be lowered to a rate like



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surrounding counties. This would result in economic growth and create further affordability for residents. HB231 would help enable lasting change to a system that has stripped wealth from Baltimore City homeowners.

HB231 would help bring equity to the tax collection system in Baltimore City. We ask that the Committee issue a *favorable* report on HB231.

Sincerely,

A handwritten signature in black ink, appearing to read "D. T. Ellis".

Daniel T. Ellis
Executive Director

HB0231-BT-FAV.pdf

Uploaded by: Nina Themelis

Position: FAV



BRANDON M. SCOTT
MAYOR

*Office of Government Relations
88 State Circle
Annapolis, Maryland 21401*

March 29, 2023

HB 231

TO: Members of the Senate Budget and Taxation Committee

FROM: Nina Themelis, Interim Director of Mayor's Office of Government Relations

RE: House Bill 231 - Baltimore City – Property Taxes – Authority to Set a Special Rate for Vacant and Abandoned Property

POSITION: Support

Chair Guzzone, Vice Chair Rosapepe, and Members of the Ways and Means Committee, please be advised that the Baltimore City Administration (BCA) **supports** House Bill (HB) 231.

HB 231 aims to authorize the Mayor and City Council of Baltimore City to set a special property tax rate for vacant and abandoned properties. This bill is a step towards improving the tax system in Baltimore City and allowing the city to make informed decisions about how to allocate its resources.

The current system does not give the Mayor and City Council the necessary authority to set special property tax rates for certain classes and subclasses of real property, which can limit the city's ability to respond to the changing needs of its residents. The proposed legislation will remedy this issue and allow the city to better manage its finances.

By granting the Mayor and City Council the authority to set special property tax rates, the city will have the flexibility to address specific tax challenges and to support the growth and development of its communities. Additionally, this bill will help the city to address ongoing issues related to vacant housing which are key factors in maintaining the financial stability of Baltimore City as well as increasing and encouraging home ownership within the City.

For these reasons, the BCA respectfully requests a **favorable** report on HB 231.

CW Ramos 231 FAVORABLE.pdf

Uploaded by: Odette Ramos

Position: FAV



Odette Ramos

Baltimore City Councilwoman

District 14

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Baltimore MD 21202

Testimony

HB231 – Baltimore City – Property Taxes – Authority to Set Special Rates

March 29, 2023

FAVORABLE

Honorable Chair Guzzone and Distinguished Members of the Budget and Taxation Committee:

I am writing to urge your support for **HB231 – Baltimore City – Property Taxes – Authority to Set Special Rates**. Thanks so much to our own Delegate Boyce for introducing this bill.

Currently, every jurisdiction has the authority to set their own tax rates, but all properties – no matter what type of property – has to be taxed the same rate in that jurisdiction. While we do have the Homestead Tax Credit for homeowners to gain some relief when assessments increase, taxing at the same rate is inequitable for our cities.

In Baltimore City, we are very excited about the opportunity that this bill provides. With the authority to set differential tax rates we could be flexible in how we apply the property tax on various properties, which can allow us to be creative in our incentive structure.

My highest priority is the Vacancy Tax, which – once this bill passes, I will introduce in the City Council. In this scenario, properties that have Vacant Building Notices – which designates them as derelict – will be taxed higher than residents. This is an incentive for the owner to sell, to fix the property, or to be foreclosed upon as the liens exceed the value of the property with our new In Rem tax foreclosure process.

Baltimore City has roughly 15000 vacant properties, and only owns 1200 of them. We own ½ of the vacant lots. We have to continue our effort to foreclose on these properties to take possession and work through our block by block strategies to dispose of the properties. The Vacancy Tax will allow us to do this.

I urge your favorable report for this legislation.

Please do not hesitate to contact me should you have any questions. I can be reached on 410-396-4814 or via email at odette.ramos@baltimorecity.gov.

Respectfully Submitted:

Odette Ramos
Baltimore City Councilwoman, District 14

HB0231.docx.pdf

Uploaded by: Director Michael Higgs

Position: FWA

WES MOORE
Governor

ARUNA MILLER
Lt. Governor



MICHAEL HIGGS
Director

MARCUS ALZONA
Deputy Director

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HEARING DATE: March 29, 2023

BILL: HB0231

TITLE: Baltimore City - Property Taxes - Authority to Set a Special Rate for Vacant and Abandoned Property

SDAT POSITION: SUPPORT WITH AMENDMENTS

HB0231 Permits Baltimore City to set a special tax rate for certain real property parcels without creating a new subclass of real property. This legislation is similar to the concept that is currently allowed in Montgomery County, whereby Montgomery County has multiple special tax rates for certain real property parcels.

The Department notes that special rates are not included in calculations for the constant yield tax rate. Special rates such as fire district tax and recreation tax are in addition to the tax rates established in section (b) of this article.

The Department requests an amendment on Page 2, line 29, to state, "THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY MAY SET **AND ADMINISTER** A SPECIAL RATE FOR..."

This amendment will clarify that the Department should not create a class or subclass or track the properties for the special tax rate. The special tax rates can only be administered by Baltimore City, not by the Department.

For these reasons, SDAT urges a favorable with amendments vote on HB0231.