



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", written in a cursive style.

Daniel T. Ellis
Executive Director