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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

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RE: Sponsor Testimony HB231: Baltimore City - Property Taxes - Authority to Set Special Rates

Good afternoon, Chair Atterbeary, Vice Chair Wilkens and Members of the Ways and Means Committee.

For the record, I am Regina T. Boyce, Delegate of district 43A presenting HB231: Baltimore City - Property Taxes - Authority to Set Special Rates.

For historical reference, the bill was introduced in 2021 as HB1320 and last session, 2022, as HB310. HB231 authorizes Baltimore City to **set special property tax rates for any class or subclass of real property** subject to the city's property tax beginning June 30, 2023.

The purpose of HB231 is to provide the city with the ability to diversify how it taxes different classes and subclasses of real property. The bill would enable the city to begin exploring the option of reducing the residential property tax and at the same time strategically figure out the best rate to hold burdensome vacant and blighted properties accountable. It is estimated that the City of Baltimore pays around \$100 million of direct cost as a result of vacant properties. Thirty percent of the City's property is tax-exempt due to their nonprofit status which decreases the City's tax base. The property tax rate vacant and blighted properties pay in taxes is the same as residential and commercial but given the depreciation of the property value, these owners pay minimal taxes or no taxes at all. Residents and businesses are paying the highest tax rate in the state to maintain the City's tax base. Baltimore City has the **highest property tax, 2.248%, in the state** along with one of the highest rates of **poverty, 21.87%**.

As an example, Washington D.C.'s real property tax rates are based on classes of property. Classes of property are grouped by their similar use. Their categories include residential, commercial, industrial, open space, vacant, and blighted. D.C. has four classes of property, but three sub-classifications under their Class 2 rate. Here is an example:

<u>Class</u>	<u>Tax Rate per \$100</u>	<u>Description (DC.gov – Real Property Tax Rates)</u>
1	\$0.85	Residential real property, including multifamily
2	\$1.65	Commercial and industrial real property, including hotels and motels, if assessed value is <u>not greater than \$5 million</u>
2	\$1.77	Commercial and industrial real property, including hotels and motels, if assessed value is <u>greater than \$5 million but not greater than \$10 million</u>

2	\$1.89	Commercial and industrial real property, including hotels and motels, if assessed value is <u>greater than \$10 million</u>
3	\$5.00	Vacant real property
4	\$10.00	Blighted real property

HB231 can be a successful tool to alleviate the tax burden placed on the residents and businesses currently in the city, those who continue to maintain the tax base.

I thank the Ways and Means Committee for their time and consideration for support of HB231.



Regina T. Boyce