

Strong Towns Baltimore (STB) is **Strongly in Favor** of the passage of Delegate Boyce's Bill HB0231 (Baltimore City - Authority to set Special Rates). The current law restricting Baltimore's government from setting variable property tax rates places a heavy burden of taxation on those who invest in and productively use their land. Meanwhile, owners of vacant, unimproved, and blighted land do not share in the burden due to the low assessed value of their property. This status quo disincentivizes new investment in Baltimore due to the high property tax rate that is thus required and restricts the usage of more complex taxation tools.

Baltimore's struggles with vacant properties goes beyond the simple emptying of neighborhoods. As Nneka Nnamdi of Fight Blight Baltimore recently said in her Baltimore Sun Op-Ed, "In 2022 more than half of Baltimore's 334 homicides took place near a property that had a vacant building notice, tax lien or was an empty lot." [1] Rampant land speculation and abandonment in Baltimore have left nearly 15,000 structures vacant. These buildings are not just blights on their neighborhoods but dangers, as was made clear by the fire that killed 3 firefighters a year ago [2]. Blight and vacancy have an effect on commercial areas as well; within two blocks of the new Lexington Market, the former Gomprecht and Benesch Building caught fire in 2017 [3]. It sits vacant and blighted while the owners pay the same amount of property taxes that the owner of a row home would pay [4]. Valuable land like this sits un- or underutilized across the city sometimes simply because it's more profitable to hold than to improve it.

The number of vacant homes in Baltimore, and the need to provide services over a wider area with fewer people necessitates the high overall property tax rate that is then shouldered by home- and business owners who continue to invest in the city. Passage of this bill would allow the city to charge a higher tax rate to vacant property owners and owners of blighted property, like in Washington, D.C., where blighted buildings are charged 10% property tax annually [5]. Shifting the tax burden in Baltimore onto those who are not paying their fair share would go a long way towards stabilizing the city's tax base.

In addition to misplacing the tax burden on existing residents in good standing, this higher property tax rate puts Baltimore at a competitive disadvantage for businesses looking to expand operations, people looking for new places to live, and even those who might want to add another bathroom to their home. Baltimore's rate of 2.248% for real property is twice as high as Baltimore County, which represents a barrier to people who may want to purchase a home or a property for their business. This advantages larger land speculators who have real estate portfolios and can cover those costs to then rent out. The property tax cost on top of the higher price of real estate means newer residents or businesses who might want to locate in a large city on the east coast end up in another city outside the state of Maryland.

Permitting Baltimore City to set special tax rates opens up another set of tools to incentivize investment in businesses and homes without costing the state or anyone else a dime: Split-Rate and Land Value Taxation. The current system of taxation in Maryland requires a uniform rate for land value and improvements, which can discourage those who might want to invest in property improvements. In contrast, Pennsylvania currently allows cities to tax land and improvements at different rates, and the cities of Allentown and Harrisburg have reaped the benefits of this

two-tiered system. After setting the tax rate on land value to be four times the tax on improvements, the number of vacant structures in Harrisburg declined from over 4,200 in 1982 to under 500 by 2001 [7]. This is not a silver bullet for Baltimore's issues with vacant homes and businesses, but it would allow the city to have a bigger say in its financial future.

We urge the committee to vote in support of this bill. Thank you for your time and attention.

Joshua Spokes, Woodberry, Baltimore City
Omar Hamza, Madison Park, Baltimore City
Kim Dulay, Rogers Forge, Baltimore County
James Pizzurro, Towson, Baltimore County
Melanie Scheirer, Mt Clare, Baltimore City
Brandy Savarese, Reservoir Hill, Baltimore City
William Fedder, Roland Park, Baltimore City
David House, Beechfield, Baltimore City
Josh Poland, Federal Hill, Baltimore City
John Bremerman, South Baltimore, Baltimore City
Melvin Judalang, East Baltimore-Midway, Baltimore City
Randall Judalang, East Baltimore-Midway, Baltimore City
Shaun Lehmann, Ellicott City, Howard County
Michael Scepaniak, Cockeysville, Baltimore County

[1] "Blight is violent; why aren't we prosecuting delinquent property owners in Baltimore?"
January 24, 2023

https://digitaledition.baltimoresun.com/infinity/article_share.aspx?guid=50d7a6ba-58d7-46b0-bb2a-80186f73820b

[2] "3 Baltimore firefighters have died after getting trapped in a collapsed rowhome" January 25, 2022

<https://www.npr.org/2022/01/25/1075599951/three-baltimore-firefighters-killed-rowhome-fire>

[3] "Gomprecht and Benesch Building (1901)"

<http://places.baltimoreheritage.org/gomprecht-benesch-building/>

[4] Maryland Departments of Assessment and Taxation. Records on 320 N Eutaw St

[5] "Real Property Tax Rates" As of February 3, 2023

<https://otr.cfo.dc.gov/page/real-property-tax-rates>

[6] "2022-23 Tax Rates" As of February 3, 2023

https://dat.maryland.gov/Documents/statistics/TaxRates_2022-2023.pdf

[7] "Non-Glamorous Gains: The Pennsylvania Land Tax Experiment". March 6, 2019

<https://www.strongtowns.org/journal/2019/3/6/non-glamorous-gains-the-pennsylvania-land-tax-experiment>