



Senate Bill 908

Committee: Budget and Taxation

Bill: Senate Bill 908 Income Tax – Addition Modification – Interest for and Depreciation of Residential Rental Property

Date: February 27, 2024

Position: Unfavorable

The Maryland Multi-Housing Association (MMHA) is a professional trade association established in 1996, whose members house more than 538,000 residents of the State of Maryland. MMHA’s membership consists of owners and managers of more than 210,000 rental housing homes in over 958 apartment communities and more than 250 associate member companies who supply goods and services to the multi-housing industry.

Senate Bill 908 (“SB 908”) stands to increase the Maryland taxable income on taxpayers that own at least 25 single-family residential rental properties (such taxpayers are referred to as “Disqualified Single-Family Property Owners” in the legislation). The bill seeks to do this by requiring Disqualified Single-Family Property Owners to add back to their federal adjusted gross income deductions for interest and depreciation related to the rental properties. This bill takes effect July 1, 2024, and applies to tax year 2024 and beyond.

MMHA would respectfully request an unfavorable report on SB 908. Effectively raising taxes on those who own and operate these rental housing properties will only exacerbate the housing affordability crisis that has gripped Maryland. These housing providers often rely on rent as a sole income stream to fund the operations of the properties. These operations and associated costs include, but are not limited to, mortgage payments and interest, payroll, utilities, business licenses, property and other taxes, hazard and liability insurance, routine repair and maintenance, and contracted services. Additionally, there are other indirect costs associated with tenant turnover, such as repairing units in between tenants and marketing units for occupancy.

This legislation will disincentivize investment in housing by diminishing returns, adding to the financial stress stemming from mounting operating costs, thus pressuring providers to raise rental rates on tenants. Now is the time that we work to find solutions to help stabilize the housing crisis by encouraging more investment into the market.

Please contact Matthew Pipkin, Jr. at (443) 995-4342 or mpipkin@mmhaonline.org with any questions.