

NAIOP

MARYLAND CHAPTERS



THE ASSOCIATION FOR
COMMERCIAL REAL ESTATE

March 22, 2024

The Honorable Vanessa Atterbeary, Chair
House Ways and Means Committee
House Office Building, Room 121
6 Bladen St., Annapolis, MD 21401

Oppose: SB 138 –Property Tax – Authority to Set Special Rates

Dear Chair, Atterbeary and Committee Members:

On behalf of the NAIOP Maryland Chapters representing 700 companies involved in all aspects of commercial, industrial, and mixed-use real estate I am writing in opposition to SB 138. NAIOP requests the committee consider the following points:

- SB 138 provides authority for Baltimore City and any county to establish separate tax rates for subclasses of residential and commercial real property cited as vacant or improved and unfit for habitation. This provision breaks from the foundational principle that real estate in Maryland should be taxed at uniform rates regardless of use type.
- Washington DC has used this authority to tax vacant property at five times the rate of occupied property. ([D.C. Homeowners See Skyrocketing Property Tax Bills After Houses Declared Vacant - dcist.com](https://dcist.com))
- SB 138 is intended to be used to tax vacant and blighted properties but there is no definition of vacant or unfit for habitation in the bill or process for property owners to be notified, remediate the condition, or appeal redesignation of their tax status.
- In our opinion, SB 138 is not a particularly good vehicle to deal with vacant or blighted property because increasing property tax obligations will make it harder to clear title and bring these properties to market. It also would make accumulating and holding vacant land for redevelopment purposes more expensive.
- The annual reporting requirements in the bill include information on whether properties subject to the special rates are suitable for conversion to publicly owned or financed affordable housing and details on local government plans to convert these properties. This raises concerns about the possible misuse of this taxing authority to leverage private landowners to relinquish vacant property to public housing authorities or related entities.

For these reasons NAIOP respectfully requests your unfavorable report on SB 138.

Sincerely,



Tom Ballentine, Vice President for Policy
NAIOP – Maryland Chapters, *The Association for Commercial Real Estate*

cc: Budget and Taxation Committee Members
Nick Manis – Manis, Canning Assoc.