



HB 826

**Real Property – Taxation of Vacant Property, Certification of Company
Representatives, and Short-Term Rentals**

Hearing before the House Ways and Means Committee

Feb. 20, 2024

POSITION: Favorable

Community Law Center (CLC) is a 501(c)(3) nonprofit organization, which is a legal partner to Maryland neighborhoods and nonprofits in pursuit of more just and vibrant communities. We advocate on issues that impact our Maryland neighborhood and nonprofit clients, including to reform the tax sale system and to prevent and remediate property vacancy and abandonment.

CLC supports HB 826 to allow counties and Baltimore City to set a special tax rate for vacant residential properties. This bill provides a much needed tool to address the vacant property crisis in Maryland. Many vacant properties have been essentially abandoned by their owners, left to attract rodents and other pests, invite illegal dumping and other criminal activity, and accumulate trash and high grass and weeds. They become open to the elements, furthering their own deterioration and causing structural damage to neighboring structures, like attached row houses. These vacants also impact neighboring property values, pose a danger of collapse, and require increased police, fire, and code enforcement services. All the while, these abandoned properties further deteriorate. As they deteriorate, their assessed value decreases, and so, as a result, does the property tax due. This decreasing property tax perversely incentivizes the property owner to take no action to clean up and rehab the property, leaving the cycle of deterioration to continue – as it becomes more expensive to rehab the deteriorated vacant, it becomes less expensive to do nothing, since the low property tax is based on the low assessed value. With the incentive of low taxation if the property owner does nothing, there is no reason to clean up the property and return it to productive use. This impacts the neighboring properties and the entire community, which must now deal with this deteriorated and abandoned vacant property. It also impacts the county or Baltimore City as a whole, contributing not only the vacant property crisis, but also to the declining tax base.

CLC also supports HB 826 to increase the transparency of entities that own residential real property in Maryland. CLC's neighborhood organization clients frequently come to us for help figuring out who to contact when an entity owns a house in the community, after having difficulty reaching out through the resident agent. The neighborhood may wish to speak with the owner about community issues, or to offer to purchase the property, or about a problem with the property. Giving more contact information for decisionmakers at an entity would only benefit Maryland communities and businesses who live and work in relationship with entities.

We need every tool to address vacant properties and return them to productive use. HB 826 provides one such tool, giving the county or Baltimore City the power to set a special tax rate for vacant properties to incentivize their rehabilitation, and disincentivize their abandonment and decay, and to be more transparent if they own residential real property in Maryland.

CLC supports HB 826. Thank you for the opportunity to testify.



For the above reasons,

CLC urges a FAVORABLE VOTE ON HB 826.

Please contact Shana Roth-Gormley, Staff Attorney at Community Law Center, with any questions.
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