

TO: The Honorable Guy Guzzone, Chair
Budget and Taxation

FROM: Michael Huber
Director, Maryland Government Affairs

DATE: February 18, 2025

RE: SB550 Baltimore City - Property Tax - Authority to Establish a Subclass and Special Rate for Property No Longer Used for Nonprofit Purposes

SB550
Favorable with
Amendments

Johns Hopkins supports with amendments **SB550 Baltimore City - Property Tax - Authority to Establish a Subclass and Special Rate for Property No Longer Used for Nonprofit Purposes**.

This bill allows Baltimore City to impose a special tax rate on properties owned by nonprofits that have not been used for their intended purposes for three years. Such properties may be subject to a tax rate exceeding nine times the standard property tax rate.

Although we understand the spirit behind the bill, we are concerned that this bill is overbroad and overly inclusive. The purpose of the bill, as we understand it, is to address vacant and unproductive properties that are either no longer in use, or not in use for the originally intended purposes. For example, , a property's original tax-exempt use may change to a different tax-exempt use, or a property may be in the development pipeline, or is being marketed for sale, for several years; therefore, there appears to be no progress in the development, but a lot of work has been done behind the scenes. Additionally, permit application delays, changes in market conditions, and other exogenous factors can unintentionally delay moving a property into productive, contributing use. It would be unfortunate for property owners to be penalized for things outside of their control.

Ambiguity also exists with respect to who would determine whether a property is being used for that would subject it to this tax.

Consequently, we propose an amendment that would account for those contingencies, as follows:

THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY MAY ESTABLISH, BY LAW, A SUBCLASS OF REAL PROPERTY CONSISTING OF REAL PROPERTY THAT:

(1) IS OWNED BY A NONPROFIT ORGANIZATION; ~~AND~~

(2) HAS NOT BEEN USED FOR AT LEAST 3 7 CONSECUTIVE TAXABLE YEARS FOR CHARITABLE OR EDUCATIONAL PURPOSES ~~THE PURPOSE FOR WHICH THE NONPROFIT ORGANIZATION WAS 6 ESTABLISHED;~~

(3) IS UNIMPROVED AND VACANT; AND

(4) FOR WHICH

(A) A PERMIT APPLICATION HAS NOT BEEN FILED WITH THE CITY OF BALTIMORE;

(B) A PERMIT APPLICATION WITH THE CITY OF BALTIMORE HAS LAPSED;

OR

(C) AN ACTIVE BROKER, LISTING OR MARKETING CONTRACT FOR SALE DOES NOT EXIST

Johns Hopkins values the Baltimore City community, its residents, and business that operate within

the City. We agree with the underlying goal of the bill sponsor and truly appreciate his steadfast advocacy to the community. HopkinsLocal, one of our community-based initiatives, has a mission to create economic opportunities that are inclusive of diverse people and create wealth for individuals and communities. We are concerned that this bill will have the unintended impact of thwarting similar, valuable community-based efforts.

Accordingly, Johns Hopkins respectfully requests a **FAVORABLE WITH AMENDMENTS** committee report on **SB550**.