



**Senate Bill – 859; House Bill 1014 – Fair Share for Maryland Act of 2025.**

**Position: Unfavorable**

JBG SMITH Properties (NYSE: JBGS), a Maryland real estate investment trust ("REIT") headquartered in Bethesda, owns, operates, invests, and develops mixed-use properties in and around [the DMV]. JBG SMITH's dynamic portfolio currently comprises 12.5 million square feet of multifamily, office and retail assets. It also maintains a development pipeline encompassing 8.9 million square feet of mixed-use, primarily multifamily, development opportunities.

JBG SMITH strongly opposes the bill's provisions imposing an 8.25% "entity level" surtax on partnerships whose income exceeds \$1 million. This entity level tax is in addition to the 5.75% personal income tax (which the bill proposes to increase to 8.25%) already being withheld from nonresident partners and being paid by resident partners, thus, resulting in double taxation. In addition, it would impose a separate 2.5% "transportation fee" on "entity level" income from pass-through entities with income more than \$10 million. **That is a total state tax burden of 19% not including property taxes and transfer taxes.**

Like most real estate companies, JBG SMITH owns its properties through partnerships and invests in joint ventures with third parties through pass-through entities. The Fair Share Tax Act's additional pass-through entity taxes would significantly set apart Maryland's tax structure from that in other states and would seriously affect Maryland's competitiveness and ability to attract additional investment and growth. Furthermore, like other real estate companies that invest in multiple jurisdictions, we must evaluate the overall business climate prior to investing in and reinvesting in that location. JBG SMITH believes that the Fair Share Tax Act's proposals will encourage companies like ours to evaluate other neighboring locations for investment along with jobs and community impact.

The proposal would also have negative consequences for housing affordability in Maryland. JBG SMITH created the "Impact Pool" to expand the affordability of housing by working in partnership with non-profit and mission-aligned housing providers. The Impact Pool invests in institutional-scale multifamily properties, sets aside the majority of the housing for low- and moderate-income renters, and operates the properties using an Impact Framework designed to enhance the lives of its residents and produce financial returns for its investors. Since 2020, the Impact Pool has invested in 838 apartments in Maryland with a total value of more than \$140 million. The proposed entity-level tax would reduce the amount of affordable housing the Impact Pool can provide in Maryland and compel us to focus future investments in other jurisdictions. Moreover, most Impact Pool properties are held in partnerships owned by non-profit affordable housing providers who would be forced to divert resources away from resident services and expanded affordability to pay the proposed surtax.

The burden of the Fair Share Tax Act's proposals would cause us to reevaluate our current investments in Maryland and will deter any new investment in Maryland.

Accordingly, JBG SMITH opposes SB 859 and HB1014 and recommends an unfavorable report for the Fair Share Tax Act.