



Testimony to the Senate Budget and Taxation Committee
SB1105 Income Tax - Individual Income Tax Credit Eligibility Awareness Campaign
Position: Favorable

February 18, 2024
Sen. Guy Guzzone, Chair
3 West Miller Senate Office Building
Annapolis, Maryland 21401
Cc: Members, Budget and Taxation Committee

Honorable Chair Guzzone and Members of the Committee:

Economic Action Maryland Fund (formerly the Maryland Consumer Rights Coalition) is a statewide coalition of individuals and organizations that advances economic rights and equity for Maryland families through research, education, direct service, and advocacy. Our 12,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland. Economic Action is also a member of the steering committee for Renters United Maryland, a coalition of organizations dedicated to strengthening tenant protections throughout the state. .

I am writing today to urge your favorable report on Senate Bill 550, which would authorize Baltimore City to establish a special property tax rate for nonprofit-owned properties that are no longer used for their intended nonprofit purposes.

Being based in Baltimore City, Economic Action has seen firsthand how underutilized or vacant properties can hinder community development. Nonprofit-owned properties that sit idle for years, no longer serving their original purpose, are a burden to the communities they reside in. By allowing Baltimore City to impose a higher property tax rate on such properties, this bill incentivizes nonprofits to either return these properties to productive use or transition them to new ownership, ensuring they contribute to the city's tax base and community well-being.

More than 7% of property in Baltimore is owned by non-profit organizations,¹ meaning there are hundreds of millions of dollars not claimed through property taxes by the city each year. In order to claim this tax exempt status, nonprofits are expected to provide a service to the community. Nonprofits should have to pay their fair share of property taxes if the property is not being used for its intended purpose.

We believe this bill holds nonprofit organizations accountable for the use of their properties and encourages the revitalization of underutilized spaces. It also ensures that any nonprofit properties in Baltimore City contribute to the community's needs.

For these reasons, we strongly support Senate Bill 550 and ask for a favorable report.

¹<https://comptroller.baltimorecity.gov/promising-pilots-look-how-baltimore-other-cities-manage-tax-gaps-non-profit-institutions>

Sincerely,

Zoe Gallagher, Policy Associate