Amalgamated Transit Union
Local 689

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# Statement of the Amalgamated Transit Union (ATU) Local 689

SB 472– Land Use - Property Tax - Improvements to Property Adjacent to Rail Stations - Subclass, Special Rate, and Penalty
February 4th, 2025

**TO: The Honorable Guy Guzzone and Members of the Budget and Taxation Committee**
**FROM: Matthew Girardi, Political & Communications Director, ATU Local 689**

ATU Local 689 supports SB 472 and urges the Senate Budget and Taxation Committee to issue a favorable report. This bill would be an invaluable reform for land use, transportation, and taxation that would benefit working class Marylanders, and help usher in more livable and accessible communities.

At Local 689, we represent over 15,000 transit workers and retirees throughout the Washington DC Metro Area performing many skilled transportation crafts for the Washington Metropolitan Area Transit Authority (WMATA), MetroAccess, and MTA Commuter Bus among others. Over 100 years, our union helped turn low-wage, exploitative transit jobs into transit careers. We became an engine for the middle-class of this region.

In particular, over 9,000 of our members work at WMATA. As the General Assembly saw last year, Metro stated that it faced a massive operating budget shortfall. This was stated to have been driven by a decrease in ridership (and thus fares) and inflation precipitated by the pandemic combined with the exhaustion of federal relief funds. To meet that stated shortfall, all of the Metro compact members thankfully rebaselined their contributions, however, a deeper problem remained: the authority still did not have a stable source of dedicated funding. This problem is compounded by Maryland's current budget crises, both in the General Fund and the Transportation Trust Fund.

Simultaneously, across the region, we face a severe shortage of housing and a crisis in affordability. In Maryland, too few housing units are being built, and that shortage is especially severe in walkable, densely built, and transit accessible places. According to the Department of Housing and Community Development, Maryland is short over 96,000 housing units and has underproduced an average of 5,600 units of housing every year over the past 10 years. Similarly, according to a report by the Central Maryland Transportation Alliance, only 8% of jobs outside of Baltimore are accessible within an hour of transit in the state. Transit oriented development has thankfully been advocated by many throughout all levels of elected government in Maryland, however, to take it to the next level, we must also allow for a tax shift along with land-use flexibility and other fiscal incentives.

Land-value return (or LVR), is a revenue strategy focused on shifting the tax burden away from buildings on a property and towards the land itself. Doing so results in more incentive for building densely than a traditional general property tax (or GPT). Under LVR, also known as "split-rate," taxes are assessed not as an amalgam of the value between general improvements and land, but rather as two separate rates. When decoupled and the burden is shifted towards land, the effective rate shrinks as density increases. Therefore, under a traditional GPT, sparse development like surface area parking lots and single family homes are advantaged. Conversely, under LVR, multifamily housing, mixed use development, and other more maximized use for plots of land are advantaged. Thus, if applied to areas surrounding transit, the approach could yield transformative results for TOD. Further, because landowners tend to skew wealthier both than property owners and renters alike, this would be a progressive measure.

Additionally, an approach of LVR surrounding transit could have fundamental fairness principles built into it. If one lives close to major rapid transit infrastructure, in this case, rail, their property's value is buoyed by that public investment. For instance, whether a landowner with land a block from a station directly rides transit or not, the value of their land is tied, in part, to their proximity to transit and its continued operation. As such, using LVR to potentially fund transit would be recycling land values back into the system that sustains them in the first place instead of allowing it to be entirely a private windfall benefit.

SB 472 is an incredibly exciting proposal for that reason. It extends the authority for counties and the City of Baltimore to enact LVR within a mile radius of rapid transit infrastructure within them, including WMATA MetroRail, Baltimore Metro SubwayLink, or MARC. This bill would thus allow a progressive, reliable revenue source for transit, and to conform tax incentives to housing goals. While it would still fall to counties themselves to potentially impose LVR, this would give them this amazing tool in their toolkit. Especially in the context of our tight fiscal situation, our need for more housing, and counties' requests for greater options for revenue sources, SB 472, through a simple change, would be a lifeline for the region.

As an organization of transit workers, we know our members need both housing and reliable funding for their vital work. After all, it is a cruel irony that the people who power transit systems, transit workers, are too often locked out of being able to live in walkable, accessible communities by high housing costs and short supply. This proposal is an exciting opportunity for Maryland to finally start to change this. With HB 330, the state can improve its landscape, encourage TOD, and give a vital revenue source for counties and Baltimore City.

Local 689 thanks Senator Rosapepe for this worthy measure and highly encourages the committee to issue a favorable report.