
TESTIMONY IN SUPPORT OF BILL SB 550

Baltimore City – Property Tax – Authority to Establish a Subclass and Special Rate for Property No Longer Used for Nonprofit Purposes

Budget and Taxation Committee

February 18, 2025

Social Work Advocates for Social Change strongly supports SB 550, which will authorize Baltimore City to increase property taxes on property owned by nonprofits when that property is not being used for nonprofit purposes.

SB 550 will recover lost revenue for essential city services and combat the underutilization of valuable community spaces. Many large nonprofit institutions, particularly in the medical and educational sectors, hold significant purchasing power and can acquire properties without developing them.^{1,2} These properties, which may have once been tax-paying homes or businesses, now pay significantly reduced property taxes or are exempt from contributing to the city’s tax base entirely. The idea of nonprofit, tax-exempt status is that the non-profit provides a service or benefit to the public. **If the property is not being used to provide a service or benefit, it should not retain its tax-exempt privilege.**

Baltimore City has more tax-exempt property than any other county in Maryland, accounting for 20% of the state’s total tax-exempt property according to the Comptroller’s Office. Nonprofits collectively own so much of Baltimore City’s property that, if taxed fully, they could generate revenue equivalent to 30% of the city’s general budget. Instead, this lost revenue is generated by higher income and property taxes on City residents.³ Black residents, whose interests are underrepresented by these elite nonprofit institutions, disproportionately bear the burden of these higher taxes while receiving the fewest benefits.⁴

Nonprofit organizations wield outsized influence in Baltimore’s governance, often operating without sufficient accountability to the residents most affected by their decisions.⁵ SB 550 would provide City leadership the capacity to introduce a necessary check on this influence, ensuring that underutilized nonprofit properties contribute their fair share to Baltimore’s fiscal health. Baltimore City also has many vacant

¹ Federal Reserve Bank of Philadelphia. (2022). *The anchor economy report*.

<https://www.philadelphiafed.org/-/media/FRBP/Assets/Community-Development/Reports/anchor-economy-report-92022.pdf>

² Wang, C. (2024, April). *An investigation into the university’s controversial real estate holdings*. *The Johns Hopkins News-Letter*.

<https://www.jhunewsletter.com/article/2024/04/an-investigation-into-the-universitys-controversial-real-estate-holdings>

³ Office of Comptroller Bill Henry. (2024, March 22). *Promising PILOTS: A look at how Baltimore and other cities manage tax gaps with non-profit institutions*.

<https://comptroller.baltimorecity.gov/sites/default/files/Promising%20PILOTS%20-%20Report%20-%20March%202022,%202024.pdf>

⁴ Brown, L. T. (2021). *The Black Butterfly: The harmful politics of race and space in America*. The Johns Hopkins University Press.

⁵ Pill, M. (2018). The austerity governance of Baltimore’s neighborhoods: “The conversation may have changed but the systems aren’t changing.” *Journal of Urban Affairs*, 42(1), 143-158. <https://doi.org/10.1080/07352166.2018.1478226>

properties, there are currently over 12,000 properties with vacant building notices (VBNs) and nearly two-thirds of all blocks in Baltimore City have properties with open VBNS.⁶ SB 550 would give the City a new tool to reduce the number of vacant properties if nonprofits are financially incentivized to develop them, provide services and benefits to the public, or sell them to a tax-paying entity.⁷

Other states and jurisdictions consider both the ownership and use of the property. For instance, in Massachusetts, it is not enough to be a nonprofit that owns the property; the use of the property is also considered when determining the tax-exempt status.⁸ SB 550 will allow Baltimore City to generate a more adequate and equitable revenue base to fund needed services by ensuring that properties that are not used for nonprofit purposes are taxed appropriately.

Social Work Advocates for Social Change urges a favorable report on SB 550.

Social Work Advocates for Social Change is a coalition of MSW students at the University of Maryland School of Social Work that seeks to promote equity and justice through public policy, and to engage the communities impacted by public policy in the policymaking process.

⁶ czb. (2023). *Whole Blocks, Whole City: Reclaiming Vacant Property Throughout Baltimore*. <https://rebuildmetro.com/wp-content/uploads/2024/05/ReBUILD-Metro-Whole-Blocks-Whole-City-sml.pdf>

⁷ Baltimore City Department of Housing & Community Development. (2025, January 20). *DHCD Dashboard*. Power BI. <https://app.powerbigov.us/view?r=eyJrIjoiOTIhNTVhNGEzMWYyOC00Y2FjLTg0ODEtMDRhODEzNTFjMWJmIiwidCI6IjMxMmNiMTI2LWM2YWU0NGZjMi04MDBkLTMxOGU2NzljZTZjNy9jIiwiaWF0Ijoi>

⁸ Bureau of Municipal Finance Law, Massachusetts Department of Revenue, Division of Local Services. (2019, March). *Exemptions for organizations (FAQs)*. <https://www.mass.gov/doc/exemptions-for-organizations-faqs/download>