



Senate Bill 344

Property Tax Credit - Retail Service Station Conversions

MACo Position: **SUPPORT**

To: Budget and Taxation Committee

Date: January 29, 2025

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** SB 344. This bill enables local governments to enact a property tax credit for specified converted retail stations. In addition, it requires the State to reimburse local governments for half of the foregone property tax revenue resulting from enacting the credit.

MACo generally supports legislation that provides broad authority to enact tax incentives for revitalization and tax relief purposes and welcomes the opportunity to work with state policymakers to develop flexible and optional tools to create broad or targeted tax incentives. Counties prefer the approach offered by SB 344, as it provides local autonomy to determine the best way to provide these incentives rather than those that mandate reductions in local revenue sources.

Former retail service stations often face substantial redevelopment costs due to environmental remediation requirements, such as removing underground storage tanks. These costs create unique barriers to redevelopment, making such properties less attractive for investment. This bill addresses these challenges by offering a flexible tool for counties to incentivize the reuse of these properties for retail, residential, or mixed-use purposes, as specified.

The bill allows local governments to grant a property tax credit against the county or municipal property tax imposed on real property when the use of the property converts from a retail service station to another retail use, a residential use, or a mixed retail and residential use, as specified.

In addition, the bill properly provides local governments flexibility in determining the duration of the credit, the maximum assessed value of a dwelling eligible for the credit, and, if necessary, any additional eligibility criteria. This authority allows each jurisdiction that enacts the credit to tailor its provisions to community needs while offering broad discretion to determine the extent of revenue foregone to achieve the bill's intended benefits.

SB 344 ensures local governments have flexibility in enacting policies designed to serve and react to community needs. Accordingly, MACo urges the Committee to issue a **FAVORABLE** report for SB 344.