SB 472 CMTA Favorable.pdf

Uploaded by: Brian O'Malley
Position: FAV

February 7, 2025

February 10, 2025

Testimony on SB 472 –
***Improvements to Property Adjacent to Rail Stations* –**
Budget & Taxation Committee

Position: Favorable

The Central Maryland Transportation Alliance supports SB 472, which authorizes counties and Baltimore City to establish a split tax rate near rail transit stations such that land is taxed at a certain rate and improvements on the land are taxed at a different rate.

We support the purpose of the bill to incentivize building housing and jobs near transit. Under the current system of property taxes, it is more advantageous to build sparsely, which is the opposite of what is needed around transit. Transit-oriented development will increase the return on the investment Maryland makes in building, maintaining and operating transit systems by growing ridership and producing the benefits that result when people make more trips by transit: less vehicular traffic, less pollution, more economic development. SB 472 will address the fiscal crises faced by transit agencies and the housing affordability crisis faced by Maryland households.

We encourage a FAVORABLE report for Senate Bill 472.

SB 472 TMT Coalition Favorable.pdf

Uploaded by: Brian O'Malley

Position: FAV

February 10, 2025

Testimony on SB 472 –

***Improvements to Property Adjacent to Rail Stations* –**

Budget & Taxation Committee

Position: Favorable

The Transform Maryland Transportation Coalition supports SB 472, which authorizes counties and Baltimore City to establish a split tax rate near rail transit stations such that land is taxed at a certain rate and improvements on the land are taxed at a different rate.

The idea is to incentivize building housing and jobs near transit. Under the current system of property taxes, it is more advantageous to build sparsely, which is the opposite of what is needed around transit. Transit-oriented development will increase the return on the investment Maryland makes in building, maintaining and operating transit systems by growing ridership and producing the benefits that result when people make more trips by transit: less vehicular traffic, less pollution, more economic development. SB 472 will address the fiscal crises faced by transit agencies and the housing affordability crisis faced by Maryland households.

We encourage a FAVORABLE report for Senate Bill 472.

SB 472 - Property Tax - Improvments to Property Ad
Uploaded by: Donna Edwards
Position: FAV

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SB 472 - Property Tax - Improvements to Property Adjacent Rail Stations - Subclass, Special Rate, and Penalty
Senate Budget and Taxation Committee
February 12, 2025

SUPPORT

Donna S. Edwards
President
Maryland State and DC AFL-CIO

Chairman and members of the Committee, thank you for the opportunity to provide testimony in support of SB 472. My name is Donna S. Edwards, and I am the President of the Maryland State and DC AFL-CIO. On behalf of the 300,000 union members in the state of Maryland, I offer the following comments.

With severe budget constraints affecting housing development and transportation funding, we must consider alternative solutions that tackle both challenges at once. Last year, Metro faced a significant shortfall affecting all of their operations, while the Department of Housing and Community Development reported that the State is short over 96,000 housing units, underproducing at a rate of 5,600 units every year over the past 10 years.[1]

Transit-Oriented Development (TOD) was introduced as a workable solution to these growing issues calling for denser housing around these areas. However, our current property tax system is more advantageous to build sparsely, which is the opposite of what is needed around transit stations. SB 472 addresses this by allowing counties and the City of Baltimore to use the “split-roll” tax for properties within a one mile radius of a rapid transit infrastructure including WMATA, MetroRail, Baltimore Metro SubwayLink, and MARC.

The “split-roll” tax system focuses on land-value return (LVR), shifting the tax burden away from buildings on a property to the land itself, incentivizing for building more densely rather than leaving land underutilized. Instead of assessing the value between general improvements and land as one singular rate, a split-rate tax would assess at two different rates. When split, the burden shifts towards the land, effectively shrinking rates and increasing density. When we focus on LVR, we encourage the development of multi-family housing, mixed-use development and other more maximized use for plots of land like area parking lots. In applying this approach to transit-adjacent areas, it has the potential to transform how we grow TOD areas.

[1] “Turning the Key, Unlocking Maryland’s Potential.” Maryland Department of Housing and Community Development. June 2024.

This bill provides a progressive, reliable revenue source for public transportation while helping the State achieve its housing development goals. In light of our need for more housing, improved transit, and additional, sustainable sources of revenue, this bill provides long-term solutions.

For these reasons, we urge a favorable vote on SB 472.

HB 330 allows counties and the city of Baltimore the authority to utilize a split-roll tax for properties within a one-mile radius of a rail station, focusing on land value return and incentivizing development in and around the area.

As we know, the value of a property increases when it is near a transit or rail station. Currently in the U.S., there are not many places that solely use a split-roll tax meaning residential properties are taxed at a different rate than commercial properties. However, right now in Maryland, property is taxed at one encompassing rate. We want to put more emphasis on what is built on top of the land, since once you shift the tax to be based on the land, it becomes more profitable to build on top of it.

SB 472_MDSierra_FAV_2-12.docx.pdf
Uploaded by: Lindsey Mendelson
Position: FAV

SIERRA CLUB
MARYLAND CHAPTER

P.O. Box 278
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Committee: Budget and Taxation
Testimony on: SB 472, Property Tax – Improvements to Property Adjacent to Rail Stations – Subclass, Special Rate, and Penalty
Position: Support
Hearing Date: February 12, 2025

The Maryland Chapter of the Sierra Club supports HB 472 with a sponsor's amendment that we anticipate will be offered to clarify the language in the bill as originally drafted.

We expect that the amended bill would authorize the Mayor and City Council of Baltimore City or the governing body of a county to establish a split-rate property tax on real property located within one mile of a rail station. We also expect the amended bill would allow a special rate to be imposed on such real property. This enabling legislation would allow counties and municipalities to pass their own legislation to implement any split-rate property tax or special rate for such property.

Rail stations are massive public investments, which in turn significantly increase the value of nearby properties. However, the impact of this public investment is not in turn fully captured and returned to the investing public entity due to the design of the traditional property tax system.

With a split-rate property tax (sometimes referred to as a land value return policy), a jurisdiction would be allowed to tax land and buildings at different rates. This reduces incentives for under-investment in structures and encourages owners of vacant and underutilized lots to maximize the number of homes or businesses on their land in order to lower the per-tenant tax burden. This can help incentivize development and density around rail stations, where growth is most sustainable.

Split-rate taxes can be designed to maximize the desired type of economic development, such as redevelopment of underutilized commercial parcels, and can be implemented in a way that does not increase taxes on certain property owners, such as homeowners. Additionally, every municipality in Maryland *except* for the City of Baltimore and counties across the State already has the ability to establish a split-rate rate property tax. This change would provide Baltimore and Maryland's counties with more authority over their property tax systems.

For these reasons, we urge you to submit a favorite report for SB 472.

Jane Lyons-Raeder
Chair, Transportation Committee
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Josh Tulkin
Chapter Director
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Written Testimony SB 472 – Property Tax - Improvem
Uploaded by: Matthew Girardi
Position: FAV

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.

SB 472 - Property Tax - Improvements to Property A
Uploaded by: Michael McMillan
Position: FAV

Amalgamated Transit Union Local 1300

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Proudly representing the transit workers of the MTA!

SB 472 - Property Tax - Improvements to Property Adjacent to Rail Stations - Subclass, Special Rate, and Penalty

Senate Budget & Taxation Committee
Favorable
February 12, 2025

ATU Local 1300 represents over 3,000 transit workers at the Maryland Transit Administration (MTA). This includes bus operators, bus mechanics, rail operators, rail maintenance workers, and more. Our members keep Maryland moving every day.

We know from firsthand experience that transit riders and workers don't just need the Maryland General Assembly to raise enough money to protect our existing transportation system, we need to meet the future transit needs of the state. The Maryland Transit Administration (MTA) has fought for years to dig itself out of a bus operator shortage. Expanding service frequency is the proven solution to expanding transit ridership.[1] Future expansions and improvements will never be possible without additional, predictable, and reliable Transportation Trust Fund (TTF) funding sources. If this is the year to take hard votes and make hard choices, the worst option of all would be to take the hit for raising taxes or fees, but failing to raise the actual amount needed for residents to feel the benefits of the services their taxes fund.

With that in mind, we strongly support SB 472 and its innovative split-rate tax proposals. Transit drives development and generates incredible amounts of value for Maryland. Unfortunately, that value does not always get reinvested into additional transit. SB 472 proposes two things, permitting localities to adopt land value taxes near transit if they choose to and then dedicating a portion of the revenue back into the TTF. This is exactly the type of innovative tax policy that incentivizes the outcomes the state is looking for. Land value taxation drives denser, multi-use development near transit stations leading to expanded economic development and transit ridership. By re-investing a portion of the land value taxation back into the TTF, it creates a closed loop where dollars invested in transit are re-invested back into better transit.

We urge the committee to issue a favorable report on SB 472.

[1] *Jarrett Walker. "The Transit Ridership Recipe." Human Transit. January 2024.*

SB 472 Committee Upload
Uploaded by: Senator Rosapepe Senator Rosapepe
Position: FAV

Maryland
DEPARTMENT OF HOUSING
AND COMMUNITY DEVELOPMENT

WES MOORE
Governor

ARUNA MILLER
Lt. Governor

JACOB R. DAY
Secretary

JULIA GLANZ
Deputy Secretary

DATE: **February 12, 2025**

BILL NO.: **Senate Bill 472**

TITLE: **Property Tax - Improvements to Property Adjacent to Rail Stations - Subclass, Special Rate and Penalty**

COMMITTEE: **Senate Budget and Taxation Committee**

Letter of Support

Description of Bill:
Senate Bill 472 authorizes the governing body of a county, or Mayor and City Council of Baltimore City, to establish a subclass of real property consisting of improvements made to existing real property that is located within one mile of a rail station. The legislation also grants local governments the authority to set, by law, a tax penalty against the local municipality's total tax liability on improvements to real property that is located within one mile of a rail station. This authority to assign a tax penalty is only granted if counties have established the subclass of real property for improvements within one mile of a rail station.

Background and Analysis:
Under existing law, Maryland counties have a single county property tax rate for all real property, such as single-family homes and the improvements made to them. In effect, a home and what could be an accessory dwelling unit, or another improvement, are taxed at the same rate. With this enabling legislation, local governments can set a separate tax rate for improvements to real property that is within one mile of a rail station. This allows local governments to incentivize the construction of home improvements near rail stations through the special tax rate, drawing tenants and increased occupancy and density closer to transit.

Further, the special rate may not be 0% or greater than the rate set for the current fiscal year. This prevents local governments from placing a higher tax rate on real property improvements than the real property itself.

Senate Bill 472 also grants enabling authority to local governments to set a tax penalty against the local government's total tax liability on improvements to real property near rail stations. Once a local government has established the new subclass of real property for property improvements, then they can define criteria for the tax penalty, and assess it as they have defined it. Allowing local governments to define the criteria for themselves will allow them to set this tax rate and penalty with their local Comprehensive Plans for growth and local ordinances in mind.

In summary, SB 472 empowers local jurisdictions to tax improvements to real property that are within one mile of a rail station, while also providing them with the statutory authority to establish criteria for a tax penalty related to this subclass of real property.

DHCD Position
The Maryland Department of Housing and Community Development respectfully requests a **favorable** report on SB 472.

MML - SB 472 - FWA.pdf
Uploaded by: Justin Fiore
Position: FWA

Maryland Municipal League
The Association of Maryland's Cities and Towns

TESTIMONY

February 12, 2025

Committee: Senate Budget and Taxation

Bill: SB 472 – Property Tax - Improvements to Property Adjacent to Rail Stations - Subclass, Special Rate, and Penalty

Position: **Support with amendment**

Reason for Position:

The Maryland Municipal League supports Senate Bill 472 with amendments, which will allow local jurisdictions to use split-rate taxation to incentivize certain types of growth around rail stations. Split taxation is an interesting concept and could prove to be a useful tool for local governments. MML is supportive of the concept and appreciates enabling authority.

However, this legislation is unique in that it envisions local tax revenues being diverted to the State (50%). Property taxes are the only meaningful revenue source for most municipalities. In this way, SB 472 could be a slippery slope that erodes our most fundamental revenue tool. We would ask – if the goal is to increase state revenues as well – that the legislation allow the state to use split taxation under its own property tax authority instead. We also question whether one mile is the appropriate boundary for this new authority.

For these reasons the League respectfully requests that this committee amend Senate Bill 472 before providing a favorable report. For more information, please contact Justin Fiore, Deputy Director of Advocacy and Public Affairs, at justinf@mdmunipal.org. Thank you in advance for your consideration.

The Maryland Municipal League uses its collective voice to advocate, empower and protect the interests of our 160 local governments members and elevates local leadership, delivers impactful solutions for our communities, and builds an inclusive culture for the 2 million Marylanders we serve.

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SB0472-BT_MACo_SWA.pdf
Uploaded by: Kevin Kinnally
Position: FWA

Senate Bill 472

Property Tax - Improvements to Property Adjacent to Rail Stations - Subclass, Special Rate, and Penalty

MACo Position: **SUPPORT WITH AMENDMENTS**

To: Budget and Taxation Committee

Date: February 12, 2025

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** SB 472 **WITH AMENDMENTS.** SB 472 allows counties to create a new subclass of real property for improvements within one mile of a rail station and establish a special property tax rate for those properties.

This bill gives local governments a flexible tool to drive transit-oriented development and strengthen economic growth. However, MACo urges amendments to ensure every dollar of locally generated revenue directly benefits county residents and services.

Under the bill, any additional revenue generated from the special property tax rate would be split evenly between the State's Transportation Trust Fund and the local jurisdiction. This structure diverts local tax revenues to the State, even though counties are responsible for land use planning, infrastructure, and public services in these areas.

Counties must retain complete control over revenue generated within their jurisdictions. Keeping these funds local allows counties to reinvest in essential services, transportation improvements, and economic development initiatives reflecting local needs and priorities. As such, MACo urges an amendment to ensure all revenue from this special tax rate stays with local governments.

MACo supports strategic land use and infrastructure investment near transit hubs while ensuring counties retain control over local tax policy. Counties need tools that provide flexibility and promote economic development without ceding control of locally raised revenues.

Accordingly, MACo urges the Committee to issue a **FAVORABLE WITH AMENDMENTS** report on SB 472.

MGA 2025 Testimony Bill SB0472 (Improvements to Pr
Uploaded by: Michael Scepaniak
Position: FWA

Bill: SB0472

Title: Property Tax - Improvements to Property Adjacent to Rail Stations - Subclass, Special Rate, and Penalty

BALT P.O.P. PEOPLE ORIENTED PLACES

Position: **Favorable with amendments**

Members of the Senate Budget and Taxation Committee,

As a group which views public transit as a preferred mode of transportation for maximizing the appeal and productivity of Baltimore and its adjacent suburbs - and believes that the land use around public transit should be optimized to take full advantage of it, we are very happy to see SB0472 being introduced.

We are optimistic about the potential for creating a more durable funding source for the Transportation Trust Fund (TTF), in general, and public transit, in particular. However, we want to be sure that this bill's intention and implementation are beneficial for all parties. This includes both the jurisdictions that choose to adopt the capabilities it provides and the state's transit agencies.

We would like to see any revenue remitted to the TTF as a result of this bill somehow directed exclusively to funding public transit and active transportation infrastructure (as opposed to highways). It would run counter to fiscal sense to have the most productive areas of the state (those located around transit stations) to finance automobile-centric projects like road expansions.

Since most of the TTF is currently (and has historically been) used to fund roadway maintenance and expansion, it stands to reason that this concern is legitimate. In fact, we believe a scenario echoing this occurred not too long ago.

We feel that the 5/95% split found in the most recent revision to this bill is a fair split. Asking those local jurisdictions with many existing transit stations (especially Baltimore City) to give up more than 5% of their property tax revenue could be a crippling prospect, making adoption of the capabilities provided by this bill a non-starter. This bill would most heavily affect Baltimore City, Montgomery County, and Prince George's County, with 55.6%, 31.9%, and 25.7% (respectively) of total property value in these counties potentially falling within the bill's proposed umbrella.

That said, a fair split is not necessarily an appealing split - at least not appealing enough to encourage adoption by the state's counties and Baltimore City. We encourage the committee to also consider the following - rather than splitting revenue 5/95% as written in the bill, split the amount that is in **excess** of what the property's assessed value would be **without** its proximity to transit. This could be a relatively high percentage - up to 50%. We can even imagine both split options being made available in the bill.

High-quality transit infrastructure has been shown to raise the values (specifically land values) of those properties located in closest proximity to such transit's stations. Given this, the opportunity offered by this bill could, instead, be to allow local jurisdictions to capture a portion of the increased land values the publicly-built high-quality transit line yields around its stations. This change would 1) incentivize the construction of that high-quality transit infrastructure, 2) encourage optimal, transit-oriented usage of the land around those stations, and 3) facilitate/fund the construction of future high-quality transit infrastructure.

It's important to emphasize that the focus here is on capturing a portion of the increased privately-owned **land** values, in particular, not the overall **property** values - which are typically a combination of the value of the a) land and the value of the b) improvements (whatever is built) on that land. The mere existence of the high-quality transit line can yield higher land values, regardless of what is built on that land. However, that land can only realize its maximum value if the local jurisdiction properly zones and stewards it to allow/encourage dense, transit-oriented development on it.

It is this land-value-centric opportunity that we would prefer to see this bill provide, as it would spur a virtuous and self-sustaining cycle of public transit development (and transit-oriented development).

The taxation opportunity that this bill would provide Maryland's counties and Baltimore City holds tremendous promise. It could completely catalyze the optimization of our current public transit assets, encourage and fund the construction of future public transit assets, and spur a wave of housing construction around those public transit assets. The amendments we'd like to see considered for this bill are as follows:

1. Ensure that any funds yielded by the provisions of this bill are directed toward public transit.
2. Add the option of deriving the state's remittance from the land value appreciation that will be realized from proximity to public transit assets.

With these changes included, we feel that what we'll end up with is a very appealing capability that Maryland's counties and Baltimore City will find hard to resist adopting.

We hope the committee finds these points helpful and convincing and we urge its members to **vote in favor of SB0472, with our suggested amendments**. Thank you for your efforts and the opportunity for us to testify on this legislation.

[BaltPOP - Baltimoreans for People-Oriented Places]