



## House Bill 1085

### *Housing Authorities - Tax-Exempt Status - Modifications*

MACo Position: **SUPPORT**  
**WITH AMENDMENTS**

To: Environment & Transportation and  
Ways & Means Committees

Date: February 25, 2025

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS HB 1085 WITH AMENDMENTS** to ensure local governments retain flexibility in structuring property tax arrangements for public housing developments.

This bill expands property tax exemptions for public housing authorities (PHAs), their subsidiaries, and affiliated nonprofit entities. **While supporting affordable housing is a shared priority, HB 1085 must provide local governments with the tools to balance housing development with fiscal responsibility.**

Counties rely on property tax revenues to fund essential services, including schools, public safety, and infrastructure maintenance. By broadening tax exemptions without requiring compensation to local governments, this bill could significantly impact county budgets. Existing law allows PHAs to negotiate Payment in Lieu of Taxes (PILOT) agreements with local governments to mitigate revenue losses, but this bill does not guarantee such agreements. Without a requirement to establish PILOT agreements, local jurisdictions may face revenue reductions with no means to recover funding for critical services.

Housing authorities play a vital role in addressing Maryland's affordable housing needs, but their operations should not come at the expense of local governments' ability to provide core services. Allowing—but not requiring—PILOT agreements creates uncertainty, as counties must rely on voluntary negotiations rather than a structured, predictable funding mechanism. To maintain a fair and balanced approach, HB 1085 should be amended to explicitly authorize local governments to establish PILOT agreements rather than automatically exempting these properties from taxation.

Local flexibility is critical in addressing housing and economic challenges unique to each jurisdiction. Amending HB 1085 to provide counties with clear authority to enter PILOT agreements ensures a sustainable approach to affordable housing investment while safeguarding local revenues.

Accordingly, MACo urges a **FAVORABLE WITH AMENDMENTS** report to support on HB 1085.