

January 28, 2025

The Honorable Vanessa E. Atterbeary
Chair, Ways and Means Committee
House Office Building, Room 130, 131
6 Bladen St., Annapolis, MD, 21401

RE: HB 23 - Property Taxes - Authority of Counties to Establish a Subclass and Set a Special Rate for Commercial and Industrial Property

Dear Chair Atterbeary:

The Maryland Building Industry Association, representing 100,000 employees statewide, appreciates the opportunity to participate in the discussion surrounding **HB 23 - Property Taxes - Authority of Counties to Establish a Subclass and Set a Special Rate for Commercial and Industrial Property - MBIA Opposes** the Act in its current version.

This proposal would seek to authorize the Mayor and City Council of Baltimore City or the governing body of a county to establish, by law, a subclass of real property consisting of certain commercial and industrial property and to set a special property tax rate for certain commercial and industrial property for the purpose of financing certain transportation improvements or the approved budget of the county board of education.

While the intent of HB23 to give flexibility to jurisdictions to increase revenues for infrastructure projects is important, especially now with major cuts pending on transportation projects, MBIA has concerns about the proposal given the potential for large tax increases on these property types. Rising property taxes are already putting a major squeeze on owners and occupiers, this is also being proposed at a time when we are seeing rent control measures put into place in certain jurisdictions. Tax bills for industrial buildings are experiencing significant jumps due to reassessments as taxing jurisdictions catch up to rising sale prices.

According to Savills, over the past five years, property taxes on industrial buildings in the study markets have grown by 21.3%, primarily due to a 29.6% increase in assessments.¹ Increased operating costs, which property taxes are built into as well as the inability for some property types to increase their costs hinders economic viability and ultimately leads to higher costs for tenants and occupiers.

Fully understanding the current situation that Maryland is in from a budget and fiscal standpoint and that all options are on the table, continuing to tax the real industry is not going to lead more revenue. It will lead to again higher costs for consumers and tenants as well as less of these businesses operating in the state.

For these reasons, MBIA respectfully requests the Committee give this measure an Unfavorable report. Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: Members of the House Ways and Means Committee

¹ "Rising property taxes squeeze warehouse occupiers and limit rents." https://www.savills.us/research_articles/256536/363380-0/rising-property-taxes-squeeze-warehouse-occupiers-and-limit-rents