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Maryland
DEPARTMENT OF BUDGET AND MANAGEMENT

HELENE GRADY
Secretary

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Deputy Secretary

House Bill 341 Property Tax Credit - Retail Service Station Conversions

Support with Amendments

DATE: February 4th, 2025

COMMITTEE: Ways and Means

SUMMARY OF BILL: HB 341 allows local governments to provide a property tax credit to the owners of property that was converted from a retail service station (i.e., a gas station) into another type of retail property, a residential property, or a mixed retail and residential property. (A "discount store," defined in the bill, is not an eligible retail property.) The bill is intended to assist the owners of retail service stations who want to transform their properties as more drivers purchase electric and hybrid vehicles and fewer consumers patronize gas stations. The bill does not provide any details on the amount of the property tax credit available for eligible property tax owners or detail any limitations on the total tax expenditure that a local government can provide. However, the bill establishes that the state government must pay the local governments 50 percent of the local revenue cost of the local property tax credit.

EXPLANATION: The Department of Budget and Management (DBM) requests an amendment to remove the requirement that the State reimburses local government for 50 percent of the forgone property tax revenue. As written, the bill mandates State funding for an open-ended local tax credit without restricting its cost, creating a potentially significant fiscal obligation for the State. The Department of Budget and Management (DBM) is charged with submitting a balanced budget to the General Assembly annually and will be working with the General Assembly to achieve structural balance over the long term. In light of current projected general fund deficits in fiscal 2027 forward, the Department urges caution in passing legislation to significantly increase general fund expenditures without commensurate decreases in other areas or additional revenue to fund the new activity. State government must be intentional, disciplined, and strategic with its allocation of State funding to ensure maximum impact toward priority outcomes.
Given the forecasted out-year deficits for the General Fund, it would be challenging for the State to manage this possibly uncapped increase in State spending.

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