MARYLAND STATE & D.C. AFL-CIO

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HB 330 - Property Tax - Improvements to Property Adjacent Rail Stations - Subclass, Special Rate, and Penalty
House Ways and Means Committee and Environment and Transportation Committee
February 4, 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 opposition to HB 330. 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. HB 330 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.

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[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 HB 330.

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.