



## House Bill 23

*Property Taxes - Authority of Counties to Establish a Subclass and Set a Special Rate  
for Commercial and Industrial Property*

MACo Position: **SUPPORT**

To: Ways and Means Committee

Date: January 28, 2025

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** HB 23. This bill authorizes county governments to impose a separate property tax rate on specific subclasses of real property, as approved by the General Assembly, to fund local transportation priorities and public schools.

**HB 23 addresses a priority initiative of Maryland's 24 county governments. It gives counties a focused tool to manage growing demands for infrastructure and education by allowing limited flexibility with local revenue structures. The bill takes a balanced approach to supporting essential services, addressing community priorities, and encouraging sustainable growth.**

Counties maintain the sizable majority of Maryland's road network, but lack sufficient resources to keep up with its rising transportation maintenance costs. Once a reliable funding source for local transportation projects, Highway User Revenues remain far below historic levels. This funding gap forces counties to stretch limited resources to maintain roads, repair bridges, and address aging infrastructure needs. At the same time, education costs under the Blueprint for Maryland's Future continue to increase, adding new pressures to county budgets and limiting funding for other critical services.

HB 23 offers a practical and well-defined solution to these challenges. Counties may apply special property tax rates to commercial and industrial properties only within clear guidelines and with express approval from the General Assembly. This framework ensures that new revenues focus on transportation and education while maintaining fairness and accountability.

The bill includes essential safeguards to promote fairness and prevent disproportionate impacts. Counties may only apply special rates to property subclasses explicitly outlined in state law, and caps on those rates ensure that property owners do not face unreasonable burdens. These guardrails ensure that counties will implement this authority effectively and with careful consideration for equity and transparency.

Transportation funding continues to lag behind inflation and the rising costs of maintaining critical infrastructure. Similarly, the Blueprint for Maryland's Future requires counties to make historic investments in public education. As such, HB 23 provides counties with a responsible and fair mechanism to meet these fiscal challenges while maintaining vibrant and well-supported communities.

HB 23 enables counties to address critical transportation and education needs with locally tailored solutions while strengthening the partnership with the State to support strong communities, reliable infrastructure, and high-quality public schools. Accordingly, MACo urges the Committee to issue a **FAVORABLE** report on HB 23.