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THE MARYLAND HOUSE OF DELEGATES ANNAPOLIS, MARYLAND 21401

Testimony in Support of HB 330 Property Tax - Improvements to Property Adjacent to Rail Stations - Subclass, Special Rate, and Penalty

Testimony by Delegate Vaughn Stewart
February 4, 2025 | Environment & Transportation Committee

What the Bill Does:

HB 330 would give counties more flexibility in how they tax land and property. Currently, Maryland localities apply one single property tax rate to both the value of the land and the value of the property owner's improvements to the land. This bill would allow counties to instead adopt what's called "split-rate taxation." They could charge different rates for land than they charge for improvements, at least within a mile of rail stations.

Generally, localities across the country—including in both Pennsylvania and Virginia—have used this authority to lower the tax rate on improvements to the land. This new tax structure rewards property owners who improve their land by, for example, building new housing near transit. Cutting taxes on improvements tends to punish property owners who are sitting on land near transit yet do not build anything on those valuable parcels.

However, this bill is agnostic on what approach our localities take. If they want to spur transit-oriented development, they could use split-rate taxation to cut taxes on improvements. If they want to slow transit-oriented development, they could use split-rate taxation to increase taxes on improvements.

If counties do decide to adopt a split-rate system, the bill would require them to send 5% of their revenues to the Transportation Trust Fund.

Why the Bill is Important:

A split-rate tax structure allows jurisdictions to tax land separately from buildings or improvements on the land, usually at a higher rate. This incentivizes property owners to develop

vacant or underused land, contributing to housing and business opportunities.

Currently, Maryland's Transportation Trust Fund faces a funding deficit. This threatens the state's ability to maintain and improve essential transportation systems, which are vital to both economic growth and environmental sustainability.

At the same time, transit-adjacent land, often the most valuable real estate in Maryland, is underutilized. Public investments—such as rail stations and transit systems—drive up the value of nearby land, benefiting private owners without adequate returns to the public. By taxing land at a higher rate and improvements at a lower rate, property owners are encouraged to develop their land rather than leaving it vacant or underused. This approach also discourages speculative landholding, where owners hold onto high-value land without contributing to its productive use.

HB 330 reflects successful policies implemented in other jurisdictions to address similar challenges. [Cities like Pittsburgh, Pennsylvania, and even Hong Kong, in the international arena, have successfully used similar approaches to drive development and generate revenue.](#) In Pittsburgh, split-rate funding models have revitalized stagnant areas, while in Hong Kong, land-based funding has played a significant role in sustaining its world-class transit systems. The city of [Detroit, Michigan](#) and the state of **Virginia** are two of the most recent localities to consider split-rate legislation in order to encourage development in urban and historically underinvested areas.

Why the Committee Should Vote Favorably:

By **encouraging development, promoting efficient land use, supporting transportation funding, bolstering local budgets**, HB 330 offers a forward-thinking solution to our state's most pressing budget and housing issues.

Let's take the opportunity to lead by example: let's unlock the potential of underused land near rail stations and get one step closer to closing the gap in the TTF. **I urge a favorable report.**