



January 25, 2025

The Honorable Vanessa E. Atterbeary, Chair
130 Taylor House Office Building
Annapolis, Maryland 21401

Oppose: HB 151 – County Income Tax – Rate and Income Brackets

Dear Chair, Atterbeary and Committee Members:

The NAIOP Maryland Chapters represent approximately 700 companies involved in all aspects of commercial, industrial, and mixed-use real estate. On behalf of our member companies, I am writing in opposition to HB 151 which would increase the maximum county income tax rate from 3.2% to 3.7%.

The State of the Economy Report from the Office of the Comptroller documents that despite its many economic and demographic advantages, Maryland's economic growth effectively stalled in 2017, has been stagnant ever since. Maryland's slow post COVID recovery leaves the state at a competitive disadvantage to lower cost, higher growth states. NAIOP believes that tax increases like HB 151 will further deteriorate Maryland's economy and competitive position and exacerbate the disproportionate share of local tax revenues paid by commercial real estate.

Real estate enterprises are often registered as partnerships or limited liability companies and pay taxes at the income tax rate, not Maryland's corporate tax rate. These real estate entities are already paying higher property taxes, recordation, and transfer taxes due to recent increases in the assessed value of real estate and increased recordation and transfer tax rates enacted by local governments in recent years.

Proponents cite the fact that the top county income tax rate has not been increased since 2021. While the rate remained unchanged, the local income tax revenues increased from \$5.9B in FY21 to \$7.3B in FY24.¹

Finally, the bill is presented as a way to fund education and transportation projects, but while this may be the intent, there is no mechanism to ensure that general fund revenues are dedicated to these purposes.

For these reasons, NAIOP respectfully requests your unfavorable report on HB 151.

Sincerely,

Tom Ballentine, Vice President for Policy
NAIOP – Maryland Chapters, *The Association for Commercial Real Estate*

cc: Ways and Means Committee Members
Nick Manis – Manis, Canning Assoc.

¹ County Revenue Outlook Fiscal 2024 and 2021, Dept of Legislative Services, Office of Policy Analysis