



January 28, 2025

House Bill 23
Property Taxes - Authority of Counties to Establish a Subclass and Set a Special
Rate for Commercial and Industrial Property
House Ways and Means Committee

Position: FAVORABLE

Anne Arundel County **SUPPORTS** House Bill 23 – Property Taxes - Authority of Counties to Establish a Subclass and Set a Special Rate for Commercial and Industrial Property. This enabling Bill would allow counties to set special property tax rates for certain subclasses of property to finance our schools and transportation improvements.

Maryland’s local governments are limited in our revenue options by outdated, state-defined tax systems that have not kept up with today’s economy. Local responsibilities have grown tremendously, and include maintaining and improving our schools, keeping our transportation infrastructure updated, funding our public safety departments, and other obligations. Local jurisdictions need varied and flexible streams of revenue in order to respond to these and other county needs.

House Bill 23 grants counties more flexibility in managing our local budgets by authorizing counties to set special property tax rates on certain property subclasses in order to raise sufficient revenue for transportation improvements and school funding. As written, House Bill 23 would allow an increase of up to 12.5 cents for each \$100 of assessed value, which keeps the burden on taxpayers to a minimum and ensures that we can continue providing quality schools and safe roads for residents. This expanded revenue authority will provide counties with the right tools to meet the changing needs of our communities, stimulate economic growth, and enhance the quality of life for residents.

This is not a new idea. Municipalities in Maryland already have broad authority to set different property rates for different classes of property. Our peer counties in Northern Virginia are actually required by their state to tax commercial properties at a higher rate than residential properties to fund transportation projects.

Anne Arundel County is proud to have one of the lowest real property tax rates in Maryland. This enabling legislation will give us the flexibility to target any future increases only to targeted classes of property. This Bill is critical to granting counties the authority necessary to address our local tax and revenue needs. For all of these reasons, I respectfully request a **FAVORABLE** report on House Bill 23.

Steuart Pittman
County Executive