

WES MOORE
Governor

ARUNA MILLER
Lieutenant Governor



YAAKOV "JAKE" WEISSMANN
Acting Secretary

MARC L. NICOLE
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TITLE HOUSE/SENATE BILL: SB58 Property Tax Credit – Retail Service Station Conversions

DATE: January 21st 2026

COMMITTEE: Budget and Taxation

SUMMARY OF BILL: Senate Bill 58 allows local governments to provide a property tax credit to the owners of property that was converted from a retail service station (i.e., a gas station) into another type of retail property, a residential property, or a mixed retail and residential property. (A “discount store,” defined in the bill, is not an eligible retail property.) The bill is intended to assist the owners of retail service stations who want to transform their properties as more drivers purchase electric and hybrid vehicles and fewer consumers patronize gas stations. The bill does not provide any details on the amount of the property tax credit available to eligible property tax owners or on any limitations on the total tax expenditure a local government can provide. However, the bill establishes that the state government “may” pay the local governments 50 percent of the local revenue cost of the local property tax credit.

EXPLANATION: While the Department appreciates the discretionary "may" language in the current bill, we request an amendment to strike Section (E) entirely to eliminate any future expectation of State reimbursement. This ensures that the fiscal responsibility for local tax credits remains with the local jurisdictions that authorize them, which is critical given the State’s current projected deficits.

The Department of Budget and Management (DBM) is charged with submitting a balanced budget to the General Assembly annually and will be working with the General Assembly to achieve structural balance over the long term. This mission is further complicated by significant uncertainty regarding federal uncertainty in both policy and budgetary senses, which requires the State to maintain a higher degree of fiscal resilience. In light of current projected general fund deficits in fiscal 2027 and beyond, the Department urges caution in passing legislation that significantly increases expenditures without commensurate decreases in other areas. In light of the current fiscal crisis, the state government must be disciplined and strategic in its funding

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decisions to protect essential services. Any legislation that increases spending should include specific, identified, and sustainable funding offsets.

Given the forecasted out-year deficits as well as significant uncertainty regarding the federal budget and policy changes, it would be challenging for the State to manage this increase in spending. This challenge is compounded by major, unforeseen changes in federal policy and other ongoing budgetary pressures. The Department of Budget and Management (DBM) now forecasts significant shortfalls beginning in Fiscal Year 2026 and escalating dramatically into Fiscal Year 2027.

**For additional information, contact Dana Phillips at
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