



TESTIMONY

COMMITTEE: Senate Budget and Taxation

DATE: March 3, 2026

POSITION: Favorable

BILL: SB 735

On behalf of the Maryland Municipal League (MML), representing 161 local governments, we respectfully submit this testimony in support of Senate Bill 735.

This legislation addresses a fundamental issue of tax fairness and assessment accuracy. By providing municipal corporations with a limited, metric-driven tool to request a review of commercial property values following a significant market transaction, SB 735 ensures that the local tax burden is distributed equitably across all property classes.

Under current Maryland law, the property tax system provides a robust "one-way street" for appeals. Property owners and businesses have multiple avenues to challenge an assessment if they believe it is too high, including the ability to file a petition for review off-cycle if they believe the value has declined. However, local governments currently lack a reciprocal mechanism to ensure that the most significant commercial assets are contributing their fair share when market data proves an assessment is outdated.

- **Closing the Fairness Gap:** When a high-value commercial property sells for significantly more than its assessed value, the resulting "assessment lag" creates a disparity. This effectively shifts the tax burden onto residential homeowners and small businesses whose assessments more closely mirror market reality.
- **A Limited and Precise Tool:** SB 735 is not a broad expansion of power. It is built around a very clear and objective metric: a petition can only be filed if a commercial property is sold for **20% or more** than the previous sales price. This safeguard ensures that municipalities are only acting when there is clear, undeniable evidence of a valuation gap.
- **Focus on Commercial Accuracy:** This bill specifically targets commercial real property. It does not affect residential homeowners, but rather seeks to ensure that large-scale commercial transactions—which often involve complex valuations—reflect the actual market price in the years between triennial reassessments.

Municipalities rely on property taxes for approximately 50% of their general fund budgets. Ensuring that the assessment base is accurate is not about "increasing taxes"; it is about ensuring the integrity of the base. When a major commercial entity is under-assessed relative to a recent 20%+ sale, it drains resources that should be supporting the very infrastructure (police, roads, and utilities) that makes that commercial property viable.

SB 735 provides a common-sense solution to a long-standing inequity in the assessment process. It mirrors the rights already afforded to taxpayers and uses a high-threshold market trigger to ensure it is used only in the most clear-cut cases of under-assessment.

For these reasons, the Maryland Municipal League urges a **favorable report** on Senate Bill 735.

For more information relating to this piece of testimony, please contact:

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