



## **Senate Bill 457**

*Property Taxes - Authority of Counties to Establish Subclasses and Set Separate Rates  
for Land and Improvements to Land*

MACo Position: **SUPPORT**

To: Budget and Taxation Committee

Date: February 18, 2026

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** SB 457. This bill authorizes county governments and Baltimore City to establish subclasses of real property, separating land from improvements, and to apply different real property tax rates to each subclass.

SB 457 advances a core county priority by providing additional flexibility within existing property tax authority. Counties face rising costs for school construction, transportation infrastructure, and other public facilities driven by development patterns that place different demands on land and improvements. Current State law requires counties to tax land and buildings together at a single rate, limiting the ability to align tax policy with those cost drivers.

The bill provides a measured option to better reflect development patterns and public investment decisions. By allowing separate tax treatment for land and improvements, counties can encourage redevelopment, support infill growth, and better align revenues with infrastructure needs based on local conditions and priorities. Further, for jurisdictions seeing potential housing projects stalled as properties remain unimproved, they may be able to realign local taxes to help spur development where sensible, helping align taxation and pro-housing policies.

Under the bill, any use of this authority would require local legislative action, public hearings, and stakeholder input. Counties would retain discretion over whether to adopt subclasses and how to structure rates, and no county would be required to act.

Municipal governments already have greater flexibility in setting property tax rates. SB 457 provides counties with a limited, optional split-rate authority, aligned with local decision-making and accountability.

SB 457 provides counties with a practical tool to respond to growth-related costs within a defined statutory framework. For these reasons, MACo urges the Committee to issue a **FAVORABLE** report.