

February 18, 2026

The Honorable Guy Guzzone  
Chair, Senate Budget and Taxation Committee  
3 West Miller Senate Office Building  
Annapolis, Maryland 21401

**RE: MBIA Letter of Opposition SB 457 Property Taxes - Authority of Counties to Establish Subclasses and Set Separate Rates for Land and Improvements to Land**

The Maryland Building Industry Association is submitting testimony in opposition to SB457. The proposed legislation would authorize the Mayor and City Council of Baltimore City and county governments to create subclasses of real property and impose separate tax rates on land and improvements.

While local tax flexibility is an important tool, this proposal introduces significant economic uncertainty, administrative complexity, and potential unintended consequences that could undermine housing production, redevelopment, and long-term investment. Real estate investment decisions are long-term. Developers, lenders, and property owners rely on stable and predictable tax structures when underwriting projects.

Allowing local governments to create new subclasses and adjust rates independently for land and improvements shifts tax burdens between property types, creating uncertainty that will be reflected in higher financing costs, more conservative lending, and delayed projects. There is also no oversight for counties to enforce such a policy.

This also could be a real impediment to housing production, if land is taxed at a higher rate than improvements, the stated goal may be to discourage speculation. Many housing projects require multi-year land assembly. Increased land carrying costs can make projects financially infeasible. Smaller builders and local developers may be disproportionately impacted and at a time when housing supply is constrained, increasing development risk runs counter to affordability goals.

The unintended consequences of this proposal and administrative costs may outweigh anticipated benefits. For these reasons we ask the committee for a un favorable report.

For more information about this position, please contact Lori Graf at 410-800-7327 or [lgraf@marylandbuilders.org](mailto:lgraf@marylandbuilders.org).

cc: Members of the Senate Budget and Taxation Committee