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MAYOR

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HB1142

March 31, 2026

TO: Members of the Senate Budget and Taxation Committee

FROM: Nina Themelis, Director of Mayor's Office of Government Relations

RE: House Bill 1142 – Task Force to Modernize County and Municipal Revenue Structures

POSITION: SUPPORT

Chair Guzzone, Vice Chair Rosapepe, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) enthusiastically **supports** House Bill (HB) 1142.

HB 1142 establishes a temporary Task Force to Modernize County and Municipal Revenue Structures to study how local governments across the state generate revenue and what additional options may be available. The task force would include legislators, state fiscal officials, representatives from the Maryland Municipal League and the Maryland Association of Counties, and a representative from Baltimore City, with staffing provided by the Department of Legislative Services. It is charged with reviewing existing and potential revenue sources, comparing practices in other states, and assessing affordability and cost-of-living impacts, before issuing findings and recommendations to the Governor and legislative committees by December 1, 2026.

House Bill 1142 will be beneficial for all of Maryland's Counties and Municipalities because it creates a formal process to examine whether the localities have adequate and flexible revenue tools to meet their fiscal needs. For the past several years, jurisdictions, including Baltimore City, have been proposing various pieces of legislation to help address our long-term budget outlooks and to pursue local revenue generation options. By studying current and potential revenue sources and comparing them with options used in other states—the task force could identify ways for localities to diversify beyond their heavy reliance on property taxes, which are relatively high and can constrain growth. In Baltimore City, 49% of General Fund revenue comes from property taxes alone.

HB1142's required analysis of affordability and cost-of-living impacts also helps ensure that any new revenue authority is evaluated with equity in mind, potentially leading to more balanced funding approaches for services like infrastructure, public safety, and schools. In 2024, more than

28.5 million people visited Baltimore for overnight and day trips. The City is proud to serve as a significant tourist destination; however, we currently absorb the majority of costs associated with tourism through property taxes and income taxes. Therefore, finding ways to ensure that revenue structures are more equitable is highly important to the BCA.

Additionally, Baltimore's dedicated seat on the task force, as Maryland's largest City and its unique revenue challenges, ensures the city can be at the table to provide recommendations, increasing the likelihood that future policy changes reflect its unique fiscal challenges and urban service demands.

For these reasons, the BCA respectfully requests a **favorable** report on HB 1142.