



Senate Bill 457 – Property Taxes - Authority of Counties to Establish Subclasses and Set Separate Rates for Land and Improvements to Land

Position: Oppose

Maryland REALTORS® opposes Senate Bill 457 as introduced. This legislation would allow counties and Baltimore City to impose different property tax rates on land and improvements.

Maryland REALTORS® supports housing production, but this enabling bill authorizes a major shift in local taxation with no clear evidence it will increase housing supply. Split rate taxation has produced mixed results elsewhere and has raised concerns about assessment accuracy and abrupt tax shifts, with some jurisdictions ultimately repealing the authorizing law.

The bill also does not require unimproved land to be taxed at a lower rate than improved land. Jurisdictions may use this authority to increase taxes on land rather than improvements, which could discourage redevelopment and raise carrying costs on land intensive properties and complex redevelopment sites, including farmland, gas stations, and environmentally complicated parcels.

Finally, tying tax liability to how land and improvements are separated will increase disputes over valuations, likely increasing appeals and requiring additional assessment resources.

Given Maryland's housing shortage, it is crucial to pursue housing tools with clearer, measurable results. Targeted tax abatement programs for new development can reduce upfront costs and help projects move to completion.

For these reasons, Maryland REALTORS® recommends an unfavorable report.

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