



## MARYLAND STATE & D.C. AFL-CIO

*Affiliated with the National AFL-CIO*

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### **SB 457 - Property Taxes - Authority of Counties to Establish Subclasses and Set Separate Rates for Land and Improvements to Land**

#### **Senate Budget and Taxation Committee**

**February 18, 2026**

#### **SUPPORT**

**Donna S. Edwards**

**President**

Chairman and members of the Committee, thank you for the opportunity to submit testimony in support of HB 78 which promotes efficient land use and encourages development that meets communities' needs. On behalf of our 700 affiliated unions, I offer the following comments.

With severe budget constraints affecting housing development and transportation funding, we must consider alternative solutions that tackle both challenges at once. The Department of Housing and Community Development reported housing production has not "notably" increased since the COVID-19 pandemic, and that the State is short over 96,000 housing units and states that "chronic underproduction exacerbates the mismatch of supply and demand, resulting in high housing cost burdens."

Transit-Oriented Development (TOD) was introduced as a workable solution to these growing issues calling for denser housing around mass transit areas. However, our current property tax system is more advantageous to build sparsely, which is the opposite of what is needed around transit stations. SB 457 addresses this by allowing counties and the City of Baltimore to use the "split-roll" tax for properties to separate the tax rate on land from the rate on improvements.

The "split-roll" tax system focuses on land-value return (LVR), shifting the tax burden away from buildings on a property to the land itself, incentivizing for building more densely rather than leaving land underutilized. Instead of assessing the value between general improvements and land as one singular rate, a split-rate tax would assess at two different rates. When split, the burden shifts towards the land, effectively shrinking rates and increasing density. When we focus on LVR, we encourage the development of multi-family housing, mixed-use development and other more maximized use for plots of land like area



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parking lots. This approach helps maximize the productive use of unused land, supports communities, and tackles our housing and budget shortage.

This bill provides a progressive, reliable revenue source for public transportation while helping the State achieve its housing development goals. In light of our need for more housing, improved transit, and additional, sustainable sources of revenue, this bill provides long-term solutions.

For these reasons, we urge a favorable vote on SB 457.



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