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MAYOR

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HB1232

March 25, 2026

TO: Members of Senate Budget and Taxation Committee

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

RE: House Bill 1232: Baltimore City – Economic Development Project in Downtown RISE District – Payment in Lieu of Taxes

POSITION: FAVORABLE WITH AMENDMENTS

Chair Guzzone, Vice Chair Rosapepe, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **supports** House Bill (HB) 1232 **with the amendments adopted for the Senate cross-file SB 756.**

HB 1232 would establish a set of parameters through which property owners could apply to enter into payment in lieu of taxes (PILOT) agreements with the City of Baltimore. The boundaries for eligible properties are set to exist within the Downtown RISE area which was outlined in last year's Downtown RISE master plan, which was developed at my request by members of my administration, with the support of Downtown Partnership, Governor Moore and his administration, and community members.¹

This legislation addresses an urgent and growing challenge in the heart of our city, as commercial real estate prices approach a steep cliff. In the most recent reassessment cycle, Downtown properties lost more than \$326 million in value, with a single building on Redwood Street losing 70% of its assessed value. In recent years, we've heard directly from developers who own vacant lots and properties, who say that, as it stands, it is not worth it for them to redevelop those spaces.

To be clear: when Downtown Baltimore loses nearly \$12 million a year in property tax revenue, that money doesn't just disappear from a "Downtown budget." It disappears from the same General Fund that pays for rec centers in Cherry Hill, trash pickup in Belair-Edison, and after-school programs in Park Heights.

HB 1232 is the first piece of legislation produced as a result of the Downtown RISE master plan and will infuse the downtown area with investment at this pivotal moment. The Baltimore Development Corporation has produced an analysis that supports the use of PILOT agreements in

¹ <https://www.downtownbaltimorerise.com/pdf/DowntownRiseMasterplan.pdf>

the downtown area as a mutually beneficial way to draw investment into the area without reducing overall revenue to the City.

PILOT agreements provide mutual benefit to the City and investors alike by allowing the City to negotiate the terms on high-dollar projects to ensure that only the minimal subsidy required for the development is granted, while at the same time recognizing the risk and investment required to make much-needed improvements for these projects. For each dollar of property taxes that Baltimore foregoes through a PILOT, the City stands to receive more than a dollar in return for these improved properties through income taxes, sales tax, hotel occupancy tax, and other revenue streams.

PILOT agreements have proven successful in cities across the country, and recent agreements in Baltimore have also provided a net economic benefit to the City. While this is an entirely Baltimore-driven effort, our city needs state-enabling authority to deploy PILOT agreements. This authority has been granted to other cities, including Pittsburgh and Philadelphia, with strong success.

Baltimore deserves the same ability to compete for investment and build the stronger, more vibrant Downtown we know is possible. By amending HB 1232 to match the Senate cross-file, this legislation would become emergency legislation and would clarify the timeline within which entities can apply to enter into PILOT agreements with the City.

It is for these reasons that the Baltimore City Administration requests a **favorable with amendments** report on HB 1232.