



February 27, 2026

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

Unfavorable: SB 735 – Property Tax – Petition to Review Value of Commercial Real Property

Dear Chair, Guzzone, and Committee Members:

The NAIOP Maryland Chapters represent approximately 700 companies involved in all aspects of commercial, industrial, and mixed-use real estate. On behalf of our member companies, I am writing to recommend your unfavorable report on SB 735.

Overview of SB 735

SB 735 would alter Maryland’s longstanding property tax appeal framework by granting counties and municipalities the authority to initiate appeals against commercial property owners under certain sales conditions. Under current Maryland law, only the property owner may submit a petition for review of an assessment. The law explicitly states that “The owner of real property may submit a petition for review” to challenge an assessed value. SB 735 breaks from that tradition providing new authorization for a county or municipality to appeal the value of commercial property when the property is sold at a price 20% or more above its previous sale. Local governments previously had this authority, but it was rescinded by the General Assembly after its use was deemed to be inappropriate and inequitable.

Basis of NAIOP’s Position

- SB 735 disrupts the predictability and stability of the three-year reassessment cycle. This structure ensures predictability, stability, and fairness by preventing government-initiated efforts to raise taxes through selective reassessment challenges. The three-year reassessment cycle is one of the few elements of Maryland’s real property assessment system that positively differentiates Maryland from other states. Allowing government-initiated appeals immediately after transfer introduces uncertainty and transactional risk that will complicate efforts to stabilize buildings involved in transactions.
- The bill effectively transforms local governments into active challengers of private market transactions. By tying an appeal right to a specific sale price threshold, the bill invites governments to treat arms-length transactions as justification for targeted tax increases—an approach fundamentally at odds with Maryland’s fair-market-value assessment principles.
- Proponents’ tax fairness arguments ignore the fact that commercial real estate generates more net tax revenue and requires fewer public services than any land use class. This bill would only increase the disproportionate share of local government services financed by commercial real estate taxes.
- The 20% threshold is not clear evidence that the assessment is wrong. The sales price could be based on a different legal description that includes more land or improvements.

- Creates unrecoverable tax costs for building owners bound by common lease provisions that restrict pass-through of tax increases resulting from out-of-cycle tax assessments. On a 10-year lease the unrecoverable costs could be substantial.
- Deprives commercial property of the three-year phase in of tax increases. If an appeal at sale is treated like a new construction assessment the new value and full tax amount will be effective on the date of the new assessment. Currently, the building sale will be noted during the regular assessment cycle, and the new value will be phased in over three years. This smooths the financial impact and contributes to stabilization of buildings that are in transition after sale.
- Singles out commercial property for assessment appeals violating uniformity requirements. Creating a two-tiered tax system in which only one class of property – commercial - is subject to government-initiated review- likely violates the uniformity requirements in the state constitution. The result is a discriminatory tax regime that singles out and places a disproportionate administrative and tax burden on commercial assets. Singling out commercial for assessment appeals
- Increases administrative burdens, legal costs, and bureaucratic volume within the assessment appeals system. Most assessment offices are understaffed. Every government-filed petition requires a formal hearing further straining the Department and creating more costly disputes for property owners—regardless of whether any assessment was inaccurate or why the purchase price exceeded the 20% threshold.

For these reasons, NAIOP respectfully requests your unfavorable report on SB 735.

Sincerely,



Tom Ballentine, Vice President for Policy

NAIOP – Maryland Chapters, *The Association for Commercial Real Estate*

cc: Budget and Taxation Committee members

Nick Manis – Manis, Canning Assoc.