

SB224 AFSCME Council 3 Testimony.pdf

Uploaded by: Christian Gobel

Position: FAV



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Patrick Moran – President

SB 224 – Property Taxes – Authority of Counties to Establish a Subclass and Set a Special Rate for Commercial and Industrial Property
Budget and Tax Committee
January 21, 2026

FAVORABLE

AFSCME Maryland Council 3 supports Senate Bill 224. Senate Bill 224 authorizes the governing body of a county or Baltimore City to establish a subclass of real property for purposes of enacting a special property tax rate. Under the legislation, if a local governing body enacts a special property tax rate for a subclass of real property it must either: i) be imposed within a special taxing district to finance the cost of state or county transportation improvements; or ii) be imposed on a county wide basis for the purpose of funding the approved budget of the county board of education.

AFSCME Maryland Council 3 represents approximately 55,000 public service workers across varying levels of government including city, county, state, and higher education. AFSCME members are on the frontlines every day delivering critical public services our communities depend on.

AFSCME supports expanded revenue policy options for local jurisdictions to address critical public service needs in our communities. Increased investment in our public services is desperately needed. Whether it is transportation infrastructure, public education, public health, capital investment, or attracting and retaining dedicated personnel to deliver public services, the need to invest in our public services remains vital. Local governments need revenue tools at their disposal to meet the public needs of their communities, which in turn promotes sustainable growth in local communities.

Senate Bill 224 enables local revenue options, while also shielding residential property and small businesses from the scope of the tax. The legislation provides either a credit against the special rate or an exemption from the special rate for residential property within a mixed-use property. The bill establishes processes and procedures to ensure property owners may avail themselves of the credit or exemption applicable to residential property. Additionally, the legislation enables local jurisdictions to grant a property tax credit against the special rate for small businesses that employ fifteen or fewer employees.

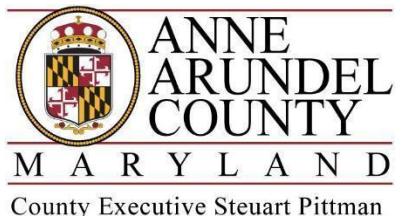
Senate Bill 224 provides a reasonable revenue tool to local jurisdictions, so they may support public investments in their communities. AFSCME will support expanded state and local revenue options to ensure critical investments in public goods and services are possible.

We urge the committee to support SB 224.

Anne Arundel County _B&T_FAV_SB224.pdf

Uploaded by: Ethan Hunt

Position: FAV



January 21, 2026

Senate Bill 224
Property Taxes - Authority of Counties to Establish a Subclass and Set a Special
Rate for Commercial and Industrial Property
Senate Budget and Taxation Committee

Position: FAVORABLE

Anne Arundel County **SUPPORTS** Senate Bill 224 – Property Taxes - Authority of Counties to Establish a Subclass and Set a Special Rate for Commercial and Industrial Property. This enabling Bill would allow counties to set special property tax rates for certain subclasses of property to finance our schools and transportation improvements.

Maryland’s local governments are limited in our revenue options by outdated, state-defined tax systems that have not kept up with today’s economy. Local responsibilities have grown tremendously, and include maintaining and improving our schools, keeping our transportation infrastructure updated, funding our public safety departments, and other obligations. Local jurisdictions need varied and flexible streams of revenue in order to respond to these and other county needs.

Senate Bill 224 grants counties more flexibility in managing our local budgets by authorizing counties to set special property tax rates on certain property subclasses in order to raise sufficient revenue for transportation improvements and school funding. As written, Senate Bill 224 would allow an increase of up to 12.5 cents for each \$100 of assessed value, which keeps the burden on taxpayers to a minimum and ensures that we can continue providing quality schools and safe roads for residents. This expanded revenue authority will provide counties with the right tools to meet the changing needs of our communities, stimulate economic growth, and enhance the quality of life for residents.

This is not a new idea. Municipalities in Maryland already have broad authority to set different property rates for different classes of property. Our peer counties in Northern Virginia are actually required by their state to tax commercial properties at a higher rate than residential properties to fund transportation projects.

Anne Arundel County is proud to have one of the lowest real property tax rates in Maryland. This enabling legislation will give us the flexibility to target any future increases only to targeted classes of property. This Bill is critical to granting counties the authority necessary to address our local tax and revenue needs. For all of these reasons, I respectfully request a **FAVORABLE** report on Senate Bill 224.

A handwritten signature in blue ink, appearing to read "Steuart Pittman".

Steuart Pittman
County Executive

SB 224 FAV FCG OCE JF LS26 FINAL.pdf

Uploaded by: Jessica Fitzwater

Position: FAV



FREDERICK COUNTY GOVERNMENT
OFFICE OF THE COUNTY EXECUTIVE

Jessica Fitzwater
County Executive

SB 224 – Property Tax – Authority of Counties to Establish a Subclass and Set a Special Rate for Commercial and Industrial Property

DATE: January 21, 2026
COMMITTEE: Senate Budget and Taxation Committee
POSITION: Favorable
FROM: The Office of Frederick County Executive Jessica Fitzwater

As the County Executive of Frederick County, I urge the committee to give **SB 224 – Property Tax – Authority of Counties to Establish a Subclass and Set a Special Rate for Commercial and Industrial Property** a favorable report.

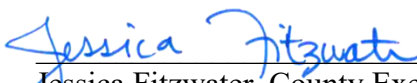
This bill would authorize county governments to set special property tax rates for certain subclasses of commercial or industrial property to fund transportation improvements in that immediate area or meet school funding needs.

Local governments are facing increasingly tight budgets due to changing populations, aging infrastructure, and uncertainty at the federal level. At the same time, we have limited tools to raise the revenue required to finance the investments needed for our communities. Property taxes remain our primary revenue source, yet rising assessments and inflation create pressure to keep rates low. Frederick County, the fastest-growing in the state, faces especially high demands for transportation and education funding.

SB 224 offers a creative solution by granting counties the flexibility to adopt special tax rates for specific property subclasses. As enabling legislation, counties must establish frameworks through local law, ensuring public input. The bill also exempts residential portions of mixed-use properties and allows tax credits for small businesses—helping balance burdens across industries.

As a county leader who is deeply committed to the promises of Blueprint for Maryland’s Future and the needs of our transportation infrastructure, I believe it is crucial that we utilize creative and progressive solutions to raise revenues without inequitably impacting our constituents. SB 224 will give local governments added flexibility in property tax structures to do exactly that.

Thank you for your consideration of SB 224. I urge you to advance this bill with a favorable report.



Jessica Fitzwater, County Executive
Frederick County, MD

SB 224_MD Center on Economic Policy_FAV.pdf

Uploaded by: Kali Schumitz

Position: FAV

Greater Property Tax Flexibility Will Support Vital Education and Transportation Investments

Position Statement in Support of Senate Bill 224

Given before the Budget and Taxation Committee

All Marylanders depend on effective local revenue systems that can support bedrock investments such as education and transportation. **The Maryland Center on Economic Policy supports Senate Bill 224** because it would expand the range of options available to local policymakers to maintain effective and equitable revenue systems.

Because the state and local governments work together to provide many foundational services, local governments face many of the same costs that drive the state's mounting revenue needs. Counties' education and transportation costs in particular are expected to rise in coming years. Yet local jurisdictions have much less latitude to set fiscal policy that fits their individual context and needs. Senate Bill 224 would strengthen county governments' fiscal autonomy by authorizing them to levy a small special property tax rate on commercial and industrial properties for the purpose of funding public schools and transportation improvements.

Property taxes are county governments' single most important stream of own-source revenue, bringing in \$10.3 billion in FY 2024.ⁱ However, as currently structured, property taxes are not as equitable as they could be. Because landlords are able to pass property taxes through to tenants in the form of higher rent, residential property taxes can place disproportionate tax responsibilities on families with low incomes.ⁱⁱ Levying a modest special rate on commercial and industrial properties would raise much-needed revenue and bring greater balance to the property tax.

Senate Bill 224 is an intentionally narrow bill:

- Special rates are capped at \$0.125 per \$100 assessed value (or 0.125%).
- Special rates may only be used to fund public schools or transportation improvements.
- Counties are required to exempt the residential portion of mixed-use properties from the special rate, with minimal administrative burden for mixed-use property owners.
- The bill does not require counties to take any action. Counties that wish to maintain the current system are free to do so.

Senate Bill 224 grants counties a narrower variant of the authority Maryland municipalities already enjoy. As the Department of Legislative Services noted in 2025:ⁱⁱⁱ

Unlike the state and county governments, municipalities have broader discretion to impose property tax rates on different classes of property. Municipalities may impose property taxes on those classes of property that it selects to be subject to the municipal property tax. In addition, municipalities retain the authority to classify property for local purposes and to impose different tax treatment on those classes. Furthermore, municipalities have the express power to exempt classes of property from taxation.

Today, 10 municipalities in Prince George’s County^{iv} – home to 70,000 Marylanders^v – levy higher tax rates on commercial property. In five of these municipalities, the difference between the residential and commercial rate is wider than the maximum special rate allowed under Senate Bill 224.

Strong evidence tells us that raising sufficient revenue to support the services we all rely on is consistent with a vibrant economy. The bulk of empirical research finds little link between state tax policy and where people want to live.^{vi} This is consistent with common sense: For most of us, factors like good jobs, affordable housing, great schools, pleasant weather, and being close to relatives are far more important than tax rates.

As local governments across Maryland face rising costs, we should ensure that local policymakers have sufficient flexibility to raise the revenue needed to support high-quality services. Senate Bill 224 would strengthen local governments’ ability to invest in essential services while making their property tax systems more equitable.

For these reasons, the Maryland Center on Economic Policy respectfully requests that the Budget and Taxation Committee make a favorable report on Senate Bill 224.

Equity Impact Analysis: Senate Bill 224

Bill summary

Senate Bill 224 would authorize the county governments to levy a special property tax rate on commercial and industrial properties. The rate may not exceed 0.125%. Revenue from the special rate may be used only to fund public schools or transportation improvements. Counties are required to exempt the residential portion of mixed-use properties from the special rate.

Background

- Maryland counties raised \$10.3 billion from property taxes (real and personal) in FY 2024.
- Maryland municipalities currently have broad discretion to apply different tax rates to different classes of property. Ten municipalities in Prince George’s County levy higher tax rates on commercial property than residential property, including five in which the difference in rates is wider than the maximum special rate allowed under Senate Bill 224.
- Chapter 277 of 2024 authorizes counties to levy a special tax rate on vacant and abandoned properties.

Equity Implications

Senate Bill 224 would bring significant equity benefits:

- Expanding local revenue policy options would strengthen local governments’ ability to invest in world-class schools and reliable transportation infrastructure. Investing in these basics strengthens our economy and can dismantle the economic barriers that back Marylanders of color.
- Primarily due to residential property taxes, Maryland families with income below \$30,000 currently pay a

larger share of their income in property taxes than any other income group. Meanwhile, the wealthiest 1% of households (with annual income over \$700,000) pay a smaller share of their income in property taxes than any other income group.^{vii}

Impact

Senate Bill 224 would likely **improve racial and economic equity** in Maryland.

ⁱ Valerie Munroe and Trevor Owen, “Local Government Finances in Maryland: Fiscal Year Ending June 30, 2024,” Department of Legislative Services, 2026, https://dls.maryland.gov/pubs/prod/InterGovMatters/LocFinTaxRte/Local_Government_Finances_FY_2024.pdf

ⁱⁱ “Maryland: Who Pays? 7th Edition,” Institute on Taxation and Economic Policy, 2024, <https://itep.org/whopays/maryland-who-pays-7th-edition/>

ⁱⁱⁱ Michael Sanelli, “Fiscal and Policy Note: HB 23 of 2025,” Department of Legislative Services, 2025, https://mgaleg.maryland.gov/2025RS/fnotes/bil_0003/hb0023.pdf

^{iv} “2025–2026 Tax Rates & Homestead Credit Caps,” State Department of Assessments and Taxation, 2024, <https://dat.maryland.gov/Documents/statistics/TaxRates2025-2026.pdf>

Berwyn Heights, Cottage City, North Brentwood, Upper Marlboro, and Forest Heights currently levy commercial property tax rates that exceed the residential rates by more than \$0.125 per \$100 assessed value. Bladensburg, College Park, Colmar Manor, Mount Rainier, and Riverdale Park also levy a higher rate on commercial property than residential property.

^v U.S. Census Bureau Population Estimates Program, 2025, <https://www.census.gov/data/tables/time-series/demo/popest/2020s-total-cities-and-towns.html>

^{vi} Michael Mazerov, “State Taxes Have a Negligible Impact on Americans’ Interstate Moves,” Center on Budget and Policy Priorities, 2023, <https://www.cbpp.org/research/state-budget-and-tax/state-taxes-have-a-minimal-impact-on-peoples-interstate-moves>

^{vii} “Maryland: Who Pays? 7th Edition,” 2024

SB0224-BT_MACo_SUP.pdf

Uploaded by: Kevin Kinnally

Position: FAV



Senate Bill 224

*Property Taxes - Authority of Counties to Establish a Subclass and Set a Special Rate
for Commercial and Industrial Property*

MACo Position: **SUPPORT**

To: Budget & Taxation Committee

Date: January 21, 2026

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** SB 224. This bill authorizes county governments, subject to General Assembly approval, to establish specific subclasses of commercial and industrial real property and apply a special property tax rate to support local transportation priorities and public schools.

SB 224 advances a core county priority by providing measured flexibility to address rising infrastructure and education costs. Counties face sustained pressure from road maintenance, bridge repair, school construction, and the Blueprint for Maryland's Future, while existing revenue structures provide limited flexibility as costs continue to rise. The bill offers a narrowly tailored option that adds capacity within existing revenue structures while directing new resources toward transportation and education priorities.

Local governments maintain the vast majority of Maryland's road network, yet Highway User Revenues remain well below historic funding levels. That gap strains local capital plans and forces counties to defer maintenance and rehabilitation projects. At the same time, education funding obligations continue to grow, placing untenable pressure on county budgets and crowding out other community priorities.

SB 224 offers a practical and bounded solution. The bill limits the use of special rates to property subclasses explicitly authorized by state law and requires express General Assembly approval before implementation. These guardrails ensure transparency, accountability, and deliberate use of the authority.

The bill also includes express protections to prevent disproportionate impacts. Caps on special rates and limits on eligible property subclasses ensure counties apply this authority carefully and equitably, aligning new revenues with clearly defined transportation and education purposes.

This approach is not novel, as municipal governments already have the authority to establish property tax differentials. This bill extends a comparable, but more constrained, framework to counties, subject to General Assembly approval.

SB 224 provides counties with a measured tool to meet growing infrastructure and education needs within a defined statutory framework. For these reasons, MACo urges the Committee to issue a **FAVORABLE** report on SB 224.

Testimony in support of SB0224 - Property Tax Perm

Uploaded by: Richard KAP Kaplowitz

Position: FAV

SB0224_RichardKaplowitz_FAV

01/21/2026

Richard Keith Kaplowitz
Frederick. MD 2)703-7t34

TESTIMONY ON SB#0224 - POSITION: FAVORABLE
Property Taxes - Authority of Counties to Establish a Subclass and set a Special Rate for Commercial and Industrial Property

TO: Chair Guzzone, Vice Chair Rosapepe, and members of the Budget and Taxation Committee

FROM: Richard Keith Kaplowitz

My name is Richard Kaplowitz I am a resident of District 3, Frederick County. I am submitting this testimony in support of SB0224, Property Taxes - Authority of Counties to Establish a Subclass and set a Special Rate for Commercial and Industrial Property

This bill is a priority for the County Executive and County Council of Frederick County.

This bill will permit counties in Maryland to set special property tax rates based on the property characteristics within a residential or commercial class. This can lessen the tax burden on residents while adjusting the commercial tax rates as appropriate. The goal behind provision of this flexibility in tax rates is to lessen the burden on residents while raising revenue appropriate to the services being provided and revenues earned within the commercial sector becoming reflected in their specific tax rates, This can occur without impacting a county resident's tax burden permitting receipt of the same public facing services to them at a lower personal cost. It will make the tax burden more affordable for the residents of a county.

A major difference between residential and commercial properties, as explained by Fair Assessments LLC ' is that:

“...Commercial property is used in revenue generation. The revenues can come in several forms including rents, retail sales, and professional services, among others. The property can include various uses such as apartments, manufacturing (i.e., factories), retail and malls, even farmland.”

Thus, commercial properties can and should be taxed differently from residential in acknowledgement of an increased ability to absorb those variable rates from revenues not accessible or accounted for in a residential property.

I respectfully urge this committee to return a favorable report on SB0224.

¹ <https://www.fair-assessments.com/blog/property-tax-commercial-vs-residential>

SB224 - FAV - MSEA.pdf

Uploaded by: Sean Johnson

Position: FAV

SUPPORT
Property Taxes - Authority of Counties to Establish a Subclass and Set a Special Rate
for Commercial and Industrial Property
Senate Bill 224

Senate Budget and Taxation Committee
January 21, 2026

Sean Johnson
Executive Director

The Maryland State Education Association supports Senate Bill 224, which would give counties greater authority to raise revenue to fund priorities like transportation and education. The bill is enabling and would allow counties to differentiate property tax rates and better meet funding needs for critical priorities.

MSEA represents 76,000 educators and school employees who work in Maryland's public schools and community colleges, teaching and supporting our almost 900,000 K-12 students so they can pursue their dreams. MSEA represents more than 40 local affiliates in every county across the state of Maryland, and our parent affiliate is the 3-million-member National Education Association (NEA).

Senate Bill 224 provides flexibility for counties to set property tax policies that work best for their communities. This enabling legislation gives local leaders another tool when crafting differentiated property tax rates that could yield additional dollars to meet transportation and education needs. Additionally, such dedicated purposes can free up other local general fund dollars to better meet other priorities..

MSEA supports passage of an adequate, sustainable, predictable revenue stream that will adequately fund both the operating and construction costs of our public schools. A great public school for every child means our students have updated technology, small manageable classes, safe and modern schools, proper healthcare and nutrition, and have highly qualified and highly effective educators.

MSEA urges a favorable report on Senate Bill 224.

SB224 Written Testimony.pdf

Uploaded by: Senator Karen Lewis Young

Position: FAV

KAREN LEWIS YOUNG
Legislative District 3
Frederick County

Budget and Taxation Committee



THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

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The Honorable Guy Guzzone, Chair
The Honorable Jim Rosapepe, Vice Chair
Budget and Taxation Committee
Maryland Senate
Annapolis, MD 21401

January 21st, 2026

SB224 - Property Tax - County Authority to Set Special Rates

Chair Guzzone, Vice-Chair Rosapepe, and my esteemed colleagues:

Senate Bill 224 enables Maryland's local jurisdictions to address their unique revenue challenges and opportunities through localized decision-making. Specifically, this bill:

- permits counties and the City of Baltimore –hereafter referred to as counties– to establish a special subclass of real property consisting of commercial/industrial property;
- enables counties to set a special property tax rate for that subclass;
- requires counties to grant an exemption or credit for the residential portion of a mixed use property;
- allows counties to create a tax credit against the special rate for businesses that employ 15 or fewer people; and
- requires funds must be directed toward local education and transportation projects.

Smarter Revenue Streams through Local Empowerment and Flexibility

Recent years have seen significant cost shifts from the State to the counties in areas such as teacher pensions, special education, and State Department of Assessments and Taxation operating costs. SB 224 provides counties with the tool they need to respond to these new strains while providing a new way to identify and address imbalances within their existing revenue structure between the commercial property and residential classes.

Increasing Options for Local Jurisdictions to Deliver for their Residents – Without a Mandate

Under Senate Bill 224, jurisdictions can choose to implement a tailored differential commercial property tax rate, strengthening budgetary outlooks in ways that work for their

economies without burdening residential properties. Combined with existing county authority to set general real property tax rates, this could even enhance efforts to make Maryland more affordable.

This bill also permits counties to establish a tax credit for businesses with 15 employees or fewer. This language gives counties the flexibility to protect vital downtown destinations. Critically, this bill **does not create a mandate for local jurisdictions**. Rather, this bill helps counties ensure that our commitments to world-class education and transportation access do not come at the expense of public safety, health, and infrastructure.

Guardrails Lead to Better Outcomes

Finally, the authority granted to local jurisdictions under SB224 comes with stringent guardrails to ensure reasonable and responsible implementation. First, the special rate may only be established in a special taxing district to fund transportation projects or countywide to fund the local Board of Education.

Second, the bill requires counties establish an exemption or credit for the residential portion of mixed-use development to prevent costs from being borne by residents. The special rate must always be in addition to the general property tax rate meaning that commercial/industrial **can never be lower than the residential rate**. Additionally, SB224 requires counties to: automatically grant a credit or an exemption to the special rate for the residential portion of mixed-use development; accept applications for the credit or exemption on properties not automatically included; and notify each property subject to the special rate of the application for the credit or exemption.

Unlike municipalities' broad discretion to levy property taxes, counties will have clearly defined, limited authority to raise commercial tax rates. This bill sets a combined general and special maximum rate of 12.5%. Together with the funding going to either education or transportation, this ensures accountability and aligns the use of revenues with the jurisdictions' and the state's broader policy objectives.

Senate Bill 224 is a responsive solution to county financial challenges. It empowers local governments to proactively fund education and transportation projects with guardrails to ensure accountability and alignment with state-wide priorities. I respectfully request a favorable report.

Sincerely,

Karen Lewis Young

Senator Karen Lewis Young

1-21-26 CTIA MD SB224 Testimony_.pdf

Uploaded by: Rob Garagiola

Position: FWA



January 21, 2026

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

Dear Chair Guzzone and Members of the Senate Taxation Committee:

On behalf of CTIA®, the trade association for the wireless communications industry, I am writing to request that Senate Bill 224 (SB224) be amended. As written, SB224 would allow counties to impose a new, additional property tax on business property, creating an unnecessary financial burden on wireless providers, discouraging broadband investment, and potentially resulting in double taxation in jurisdictions that already collect telecommunications-specific taxes.

Wireless providers are investing tens of millions of dollars to upgrade networks across Maryland, ensuring businesses, consumers, and communities have access to fast, reliable connectivity. This bill, as currently drafted, would slow broadband deployment by increasing the recurring costs of this network investment, making Maryland less attractive for broadband investment compared to neighboring states. Broadband access is critical for economic growth, particularly in rural and underserved communities, where it enables remote work, online education, access to government services, and modern business operations.

This bill would allow counties to impose the additional education property tax on wireless providers who are already subject to very high city and county telecommunications taxes specifically to fund education. Anne Arundel, Baltimore, Montgomery, and Prince George's County currently impose these taxes, and just last year the Prince George's County Council approved a 275% increase in the local tax on wireless service.

To prevent jurisdictions from double taxing telecommunications providers, we respectfully request the following amendment:

On page 3, after line 29, insert:

“(IV) ANY CITY OR COUNTY THAT IMPOSES A SPECIAL TAX ON TELECOMMUNICATIONS SERVICE MAY NOT IMPOSE THE SPECIAL RATE AUTHORIZED BY THIS SUBSECTION ON PROPERTY USED IN WHOLE OR IN PART TO PROVIDE TELECOMMUNICATIONS SERVICE”.

By adopting this amendment, the Committee can ensure that jurisdictions already imposing telecommunications taxes are prohibited from applying this additional tax to telecommunications network property.

For these reasons, CTIA urges the Committee to amend SB224. Thank you for your consideration.

Sincerely,

Annissa Reed

Annissa Reed

Director, State and Local Affairs

MMHA - 2026 - SB 224 - subclass property - tax.pdf

Uploaded by: Aaron Greenfield

Position: UNF



Bill Title: Senate Bill 224, Property Taxes - Authority of Counties to Establish a Subclass and Set a Special Rate for Commercial and Industrial Property

Committee: Budget & Taxation

Date: January 21, 2026

Position: Unfavorable

This testimony is offered on behalf of the Maryland Multi-Housing Association (MMHA). MMHA is a professional trade association established in 1996, whose members consist of owners and managers of more than 210,000 rental housing homes in over 958 apartment communities. Our members house over 538,000 residents of the State of Maryland. MMHA also represents over 250 associate member companies who supply goods and services to the multi-housing industry.

Senate Bill 224 authorizes the Mayor and City Council of Baltimore City or the governing body of a county to establish, by law, a subclass of real property consisting of commercial and industrial property and to set a special property tax rate for that property for the purpose of financing transportation improvements or the approved budget of the county board of education.

MMHA acknowledges the difficult fiscal environment facing state and local governments, including ongoing budget pressures and the need for robust revenue streams to support essential services. However, Senate Bill 224 would authorize new, targeted property tax classifications and special tax rates for commercial, industrial, and mixed-use properties — including many rental housing developments — and would discourage much-needed private investment in housing at a time when Maryland already faces a severe housing supply crisis.

Recent state data show that Maryland must accommodate projected household growth through the addition of roughly 590,000 new housing units by 2045, yet production has not kept pace with demand, contributing to high cost burdens for renters and owners alike. More than 50% of Maryland renter households are cost-burdened, spending over 30% of their income on housing, and rental supply shortages are widespread across income levels, with deficits of hundreds of thousands of affordable units statewide. The shortage is fueled in part by restrictive land use and underproduction of new housing, which leave markets strained and rents elevated relative to incomes.

By creating a framework that enables local governments to impose special tax rates on properties critical to housing supply — including mixed-use buildings that often contribute financially feasible units to the market — Senate Bill 224 risks increasing operating costs, discouraging reinvestment, and reducing incentives for rehabilitation and new construction. In an environment where Maryland consistently underproduces housing — approving only a fraction



of the estimated 30,000 units per year needed to meet demand — adding policy that could further deter investment will only deepen the current dearth of affordable rental homes.

Housing production decisions rely on predictable, stable tax policy; uncertainty and increased taxation reduce developer confidence, limit financing options, and disproportionately impact workforce and affordable housing projects. Maryland’s housing providers are committed to strengthening communities and expanding housing options, but Senate Bill 224 would undermine those goals at a time when the state can least afford it.

For these reasons, MMHA respectfully urges the Committee to give Senate Bill 224 an unfavorable report.

Aaron J. Greenfield, MMHA Director of Government Affairs, 410.446.1992

HCCC_SB 224_UNFAV_B&T.pdf

Uploaded by: Andrew Griffin

Position: UNF



January 21, 2026

Legislative Position: Unfavorable

Senate Bill 224

Property Taxes - Authority of Counties to Establish a Subclass
and Set a Special Rate for Commercial and Industrial Property

Senate Budget & Taxation Committee

Dear Chair Guzzone and members of the committee:

Founded in 1969, the Howard Chamber of Commerce is dedicated to helping businesses, from sole proprietors to large international firms, grow and succeed. With the power of 700 members that encompass more than 170,000 employees, the Howard County Chamber is an effective partner with elected officials and advocates for the interests of the county's business community.

As introduced, SB 224 would authorize local jurisdictions to create a subclass of real property and impose a special property tax rate of up to 12.5 cents per \$100 of assessed value, applied to certain commercial and industrial properties. While the targeted intent and use of the generated revenue is appreciated, the Howard County Chamber believes SB 224 could have a significant and negative impact on local businesses and the overall competitiveness of Maryland's economy.

Granting local jurisdictions the authority to levy targeted property tax increases on specific subclasses of real property creates an uneven and unpredictable business climate. Commercial and industrial property owners, who already shoulder a heavy share of local tax burden, would be further singled out. The discretionary nature of this authority also risks creating significant disparities among Maryland counties, placing businesses in higher-tax jurisdictions like Howard County at a competitive disadvantage compared to neighboring counties and surrounding states.

It's no secret Maryland businesses are grappling with rising costs of labor, materials, energy, and financing. Additional property tax burdens will discourage reinvestment, expansion, and job creation at a time when Maryland desperately needs private sector investment to make up for the significant losses in the public sector job market. SB 224 could undermine efforts to attract new employers to Maryland, particularly those considering other regional or interstate locations where overall tax and operating costs are lower and more predictable.

Howard County's business community consistently identifies the high cost of doing business in Maryland as a major concern. Increasing property taxes on commercial and industrial properties would only exacerbate these challenges and weaken the state's long-term economic competitiveness.



For these reasons, the Howard County Chamber of Commerce respectfully urges the committee to issue an **unfavorable report** on **SB 224**.

Sincerely,

Kristi Simon
President & CEO
Howard County Chamber of Commerce

SB0224 -- Property Taxes - Authority of Counties t

Uploaded by: Brian Levine

Position: UNF



Senate Bill 224 -- *Property Taxes - Authority of Counties to Establish a Subclass and Set a Special Rate for Commercial and Industrial Property*
Senate Budget and Taxation Committee
January 21, 2026
Oppose

The Montgomery County Chamber of Commerce (MCCC), the voice of business in Metro Maryland, opposes Senate Bill 224 -- *Property Taxes - Authority of Counties to Establish a Subclass and Set a Special Rate for Commercial and Industrial Property*.

Senate Bill 224 authorizes Baltimore City and county governments to establish special property tax rates for various real property classifications to fund transportation improvements and county schools.

MCCC is concerned that this bill would allow counties to substantially increase property taxes on commercial and industrial properties. Granting this authority would significantly raise business operating costs across jurisdictions. MCCC opposes any additional taxes or fees that would increase costs for small businesses, hinder job growth, or slow economic activity.

MCCC recognizes the importance of adequately funding transportation and education, which are critical priorities that strengthen the business environment and support Maryland's quality of life. However, permitting counties to increase property taxes on commercial and industrial properties is unnecessary. Maryland counties already possess the authority to establish special taxing districts to fund transportation improvements, as demonstrated by Montgomery County's efforts in White Flint.

Montgomery County already has a reputation for high taxes and compares unfavorably to neighboring Virginia in terms of competitiveness. While proponents note that Northern Virginia uses differential property tax rates to fund infrastructure, Virginia's overall tax structure remains far more competitive for businesses, standing in sharp contrast to jurisdictions like Montgomery County. Providing the additional taxing authority proposed in Senate Bill 224 would further weaken Maryland's competitive position, making it more difficult to foster economic growth, create jobs, and attract or retain businesses.

For these reasons, the Montgomery County Chamber of Commerce opposes Senate Bill 224 and respectfully requests an unfavorable report.

The Montgomery County Chamber of Commerce (MCCC), on behalf of its members, champions the growth of business opportunities, strategic infrastructure investments, and a strong workforce to position Metro Maryland as a premier regional, national, and global business location. Established in 1959, MCCC is an independent, non-profit membership organization.

Brian Levine | Vice President of Government Affairs
Montgomery County Chamber of Commerce
51 Monroe Street | Suite 1800
Rockville, Maryland 20850
301-738-0015 | www.mcccmd.com

SB 224_BOMA_UNF.pdf

Uploaded by: Bryson Popham

Position: UNF



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January 19, 2026

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

RE: Senate Bill 224 - Property Taxes - Authority of Counties to Establish a Subclass and Set a Special Rate for Commercial and Industrial Property - UNFAVORABLE

Dear Chairman Guzzone and Members of the Committee,

I am writing in my capacity as the Legislative Chairman of the Building Owners and Managers Association of Greater Baltimore (BOMA) to respectfully request an unfavorable report on Senate Bill 224.

BOMA represents owners and managers of all types of commercial property, comprising well over 100 million square feet of office space in Baltimore and Central Maryland.

Senate Bill 224 authorizes a county or Baltimore City to adopt a special real property tax rate in addition to the general real property tax rate under current law. The bill provides that revenues from the special tax may be used for either certain transportation projects or for education. This additional tax burden will be significant on commercial properties. This burden will be imposed at a time when the commercial real estate industry already confronts existential challenges, such as historic vacancy rates as our work places adjust to more remote workers. As evidence of the severe stress under which the industry operates today, several signature properties have been placed in receivership. Coupled with quite significant additional costs that will be related to the coming implementation of the Climate Solutions Now Act of 2022, this tax increase, with its sole focus on the commercial real estate industry in Maryland, will make a bad situation much worse.

In 2025, virtually identical legislation was introduced in the House of Delegates as House Bill 23. Quite properly, the Senate Budget and Taxation Committee refused to advance that bill. We've already learned from the Governor and other public officials that tax increases will not be considered in 2026 to address fiscal problems in the State. We have also learned that public officials recognize the need to rebuild our State economy with a greater reliance on private sector investment. Enactment of Senate Bill 224 contradicts the policy that has been expressed by your colleagues and other political leadership in the State. Therefore, we urge the Committee to give an unfavorable report on Senate Bill 224.

Very truly yours,

A handwritten signature in black ink, appearing to read "Tim O'Donald", written in a cursive style.

Tim O'Donald
Chair, BOMA Legislative Committee

cc: Bryson F. Popham, P.A.

SB224 Property Taxes - Authority of Counties to Es

Uploaded by: cailey locklair

Position: UNF

MARYLAND RETAILERS ALLIANCE

The Voice of Retailing in Maryland



SB224 Property Taxes - Authority of Counties to Establish a Subclass and Set a Special Rate for Commercial and Industrial Property

January 21, 2026

Position: Unfavorable

MRA represents thousands of retail establishments across Maryland, from small family-owned shops to larger regional and national employers. Our members operate on very slim margins and are deeply embedded in their local communities. For these businesses, tax predictability, fairness, and affordability are crucial for their sustainability and growth.

This legislation threatens these core principles in several significant ways:

1. **Tax Inequity:** Allowing counties to impose higher or separate tax rates on commercial and industrial properties creates unfair tax burdens. Retailers already contribute a substantial share of local revenues through various taxes and fees. Targeting business properties for higher rates unfairly shifts financial responsibilities to employers who cannot easily relocate like residents can.
2. **Economic Uncertainty:** Granting counties the power to set special tax rates could lead to inconsistent tax policies across Maryland. This variability complicates long-term business planning, making it harder for retailers to invest and expand. Businesses thrive on stable tax structures, and this bill moves us away from that stability.
3. **Impact on Consumers and Employees:** Higher commercial property taxes won't only affect businesses; they will likely lead to increased prices for consumers, reduced employee hours or benefits, and potentially store closures. Given the current challenges of inflation, workforce shortages, and rising costs, this proposal would add further strain to an already vulnerable sector.
4. **Competitive Disadvantage:** Maryland competes with neighboring states for business investments. Implementing higher or targeted property tax rates sends a negative message to employers considering Maryland for expansion or relocation. We should foster economic growth, not create obstacles that make it more expensive and uncertain to operate here.

For these reasons, the Maryland Retailers Alliance urges the Committee to issue an unfavorable report on HB90. Thank you for the opportunity to share our concerns and for your ongoing commitment to supporting Maryland's employers, employees, and communities.

ICSC SB224 UNF Testimony.pdf

Uploaded by: Eric McWilliams

Position: UNF

January 21, 2025

The Honorable Guy Guzzone
3 West, Miller Senate Office Building
Annapolis, MD 21401



Senate Bill 224- Property Taxes - Authority of Counties to Establish a Subclass and Set a Special Rate for Commercial and Industrial Property: Oppose

Chair Guzzone, Vice Chair Rosapepe, and members of the Budget and Taxation Committee,

ICSC respectfully asks for an unfavorable report on SB224, Property Taxes - Authority of Counties to Establish a Subclass and Set a Special Rate for Commercial and Industrial Property.

ICSC is the member organization for the advancement of the Marketplaces Industry, encompassing shopping centers, malls, main streets, and the commerce they drive and the communities they create. Our member network includes property owners, developers, financial institutions, professional service providers, and, importantly, shopping center tenants such as retailers, restaurants, gyms, childcare providers, and health centers. In Maryland, 1,900 marketplaces with over 525,000 jobs represent nearly 14% of the State's workforce. For over 65 years, ICSC has promoted and elevated marketplaces and spaces where people shop, dine, work, play, and gather as foundational and vital components of everyday life.

The bill would allow the City of Baltimore and any county in the State of Maryland to establish their own subclass of real property and set a special tax rate. Zones of real property outlined in the bill include Commercial, Industrial, Commercial/Industrial Condominium, Residential/Commercial, and Commercial/Residential.

This policy presents several significant concerns:

1. Erosion of Statewide Uniformity in Property Taxation:

The bill would reverse the longstanding precedent of a single tax rate on real property across Maryland. This uniformity has been critical for ensuring predictability and fairness in property taxation. Creating a patchwork system of varying rates across counties would create disparity, potentially disadvantaging certain regions and discouraging investment in areas with higher rates.

2. Increased Administrative and Compliance Burdens:

The introduction of new subclasses and the associated special tax rates would impose significant administrative challenges on property owners and tenants. Mixed-use developments, which often include both residential and commercial aspects, would face complex calculations to determine exemptions and applicable rates. This complexity could result in costly compliance efforts and discourage future mixed-use projects.

3. Potential Negative Impact on Investment and Development:

Higher tax rates on commercial and industrial properties could deter investment in critical sectors that drive Maryland's economy. Prospective developers and businesses may opt to invest in neighboring states with more predictable and uniform tax policies.

4. Economic Ripple Effects:

Shopping centers and marketplaces, which are key drivers of local economies, could face increased operating costs under the proposed legislation. This would not only strain property owners but also lead to higher rents for tenants, including small businesses. Increased costs could jeopardize the financial viability of many businesses, potentially leading to vacancies, reduced services, and job losses in communities statewide.

5. Unintended Consequences for Communities:

The proposed policy could disproportionately affect communities that rely on commercial hubs to drive local economic activity and generate tax revenue. Reduced private-sector investment and higher tenant turnover could undermine these hubs, weakening the economic and social fabric of neighborhoods across Maryland.

For these reasons, ICSC strongly opposes SB224 and urges an unfavorable report. We believe this legislation would create significant economic and administrative challenges while undermining the stability and growth of Maryland's vital marketplaces and commercial sectors.

Eric McWilliams
Chair, ICSC Maryland Government Relations Committee

For any questions or more information regarding ICSC's position, please contact Michael.Walsh@capitol-strategies.com

MDCC_SB 224_Unfavorable.pdf

Uploaded by: Grason Wiggins

Position: UNF



Senate Bill 224

Position: Unfavorable

Committee: Budget and Tax

Date: January 21, 2026

Founded in 1968, the Maryland Chamber of Commerce (Maryland Chamber) is a statewide coalition of more than 7,000 members working to develop and promote strong public policy that ensures sustained economic growth and opportunity for all Marylanders.

Senate Bill 224 (SB 224) would authorize counties to establish, by law, a subclass of real property consisting of certain commercial and industrial property and to set a special property tax rate for certain commercial and industrial property for the purpose of financing certain transportation improvements or the approved budget of the county board of education.

The Maryland Chamber is concerned that counties could utilize the authority established under SB 224 to levy large tax increases against commercial and industrial properties that would further reduce Maryland's already stagnant economic growth. Levying large tax increases will further disincentivize investment and limit economic growth at a time when rising property taxes and rent control policies in certain counties have already begun to drive away investment and development.

According to a recent report, suburban Maryland's commercial real estate total vacancy rate exceeded 18% in Q2 2025 and remains higher than surrounding jurisdictions like Virginia and Washington, D.C.¹ Considering the recent and significant increases in property taxes paid by owners of commercial and industrial properties, the Maryland Chamber is concerned that providing counties with authority to further increase property tax rates will only exacerbate Maryland's slow economic growth and commercial real estate vacancy rates. **For these reasons, the Maryland Chamber of Commerce respectfully opposes SB 224.**

¹ *Office Market Report: Northern Virginia, Q2 2025, Lincoln Property Company*

MD SB224 UNF.pdf

Uploaded by: Hugo Cantu

Position: UNF



Bill No: SB224 - Property Taxes - Authority of Counties to Establish a Subclass and Set a Special Rate for Commercial and Industrial Property

Committee: Budget and Taxation

Date: January 21, 2026

Position: Unfavorable

The Apartment and Office Building Association (AOBA) of Metropolitan Washington is the leading non-profit trade association representing the owners and managers of more than 23 million square feet of commercial office space and 133,000 apartment rental units in Montgomery and Prince George's counties. On behalf of its member companies, AOBA submits the following testimony in opposition to Senate Bill 224.

Senate Bill 224 allows counties to assess a special tax rate for commercial and industrial properties to fund transportation improvements and county school systems as required under the state's maintenance of effort law. The bill allows the counties to set a special rate up to 12.5 cents per \$100 of assessed value for the class of property to which the rate applies.

AOBA understands the need to raise additional revenue for transportation and education, given state and county budget challenges. However, the additional taxing authority in SB224 is neither necessary nor prudent. Counties have had the authority to create special taxing districts to fund transportation improvements since 2010 (SB 828).

Montgomery County established only one special taxing district located in the White Flint area of North Bethesda. Properties in the White Flint Special Taxing District have been charged 10-11 cents per \$100 of assessed value since 2011. This tax was projected to bring in \$45 million in revenue over 10 years. According to a 2021 Montgomery County Council staff memorandum, however, the District only generated about one-third of this expected revenue¹.

¹https://www.montgomerycountymd.gov/council/Resources/Files/agenda/cm/2021/20210316/20210316_GOT E1.pdf

This revenue shortage is likely to persist if counties are granted the additional taxing authority outlined in SB224. The value of commercial office properties is linked to their capitalization rate, which is calculated by dividing the property's net operating income by its most recent purchase price. High office vacancy rates reduce net operating income, leading to a lower capitalization rate, and, consequently, a decrease in property values.

The commercial office market in Maryland continues to grapple with rising vacancy rates, due to increased telework and hybrid work schedules. Attached to this testimony is a graphic illustrating the state of the office market in Montgomery County, which is the largest office market in the state. Despite being in desirable, amenity-rich areas near transit, these properties continue to see their values decline from pre-pandemic highs.

These properties are not outliers. The most recent Montgomery County Economic Indicators Report shows the county office vacancy rate has risen to 18.4%.² This represents a two-percentage point increase year-over-year and six-percentage points above pre-pandemic levels³. As for the state of Maryland, office vacancy rates have seen a 0.5% increase between Q2 2024 and Q2 2025. Office vacancy rates are likely to continue climbing as long-term leases expire and employers continue to reduce their office space needs.

Lastly, some have argued that this taxing authority would make Maryland counties more competitive with those in Northern Virginia. However, that is unlikely because Virginia counties have distinct advantages, including no income tax, a lower corporate tax rate, lower fuel energy taxes, and lower or no development impact taxes.

For these reasons, AOBA urges an unfavorable report on Senate Bill 224. For more information, please contact Hugo Cantu, Manager of Government Affairs for Maryland, at hcantu@aobametro.org.

² https://montgomeryplanning.org/wp-content/uploads/2025/10/MoCo-Economic-Indicators-Briefing-Q2-2025_Final.pdf

³ <https://thinkmoco.com/countyperformance/>

STATE OF THE OFFICE MARKET MONTGOMERY COUNTY, MD



APARTMENT AND OFFICE
BUILDING ASSOCIATION
OF METROPOLITAN
WASHINGTON

Down 78% from the pre-pandemic high of **\$133.8M**



*7500 Old Georgetown Road
Bethesda*

Sold for **30% below** the assessed value of **\$22 million**



*1801 Rockville Pike
Rockville*

Assessed at **\$51 million**, likely to be **lower next year**



*1 Inventa Place
Silver Spring*

Assessed at \$84 million in 2025; **down from \$98 million in 2022**



*8403 Colesville Road
Silver Spring*

Assessed at \$25-\$35M in 2025, **down nearly \$10M from 2019**



*8484 Georgia Ave,
1010 & 1100 Wayne Ave
Silver Spring*

Sold for \$14M, **30% below** its **\$22M assessed value**



*121 Rockville Pike
Rockville*

Brian Anleu, Vice President of Government Affairs, MD | banleu@aoba-metro.org | 240-381-0494

Hugo Cantu, Government Affairs Manager, MD | hcantu@aoba-metro.org | 240-701-1990

MD SB224 UNF.pdf

Uploaded by: Hugo Cantu

Position: UNF



Bill No: SB224 - Property Taxes - Authority of Counties to Establish a Subclass and Set a Special Rate for Commercial and Industrial Property

Committee: Budget and Taxation

Date: January 21, 2026

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STATE OF THE OFFICE MARKET MONTGOMERY COUNTY, MD



Down 78% from the pre-pandemic high of **\$133.8M**



*7500 Old Georgetown Road
Bethesda*

Sold in 2016 for \$18.4M,
assessed in 2025 at \$7.3M



*962 Wayne Ave
Silver Spring*

Sold in 2018 at \$70M,
assessed in 2025 at **\$50.7M**



*1 Inventa Place
Silver Spring*

Assessed at \$84 million in 2025;
down from \$98 million in 2022



*8403 Colesville Road
Silver Spring*

Assessed at \$14.35M,
auctioned in 2025 **13% below**



*6110 Executive Blvd.
Rockville*

Auctioned In 2025 for \$17.9M,
22% below its assessed value



*11921 Rockville Pike
Rockville*

Testimony SB224 county city tax authority.pdf

Uploaded by: Kirk McCauley

Position: UNF



WMDA/CAR Service Station
and Automotive Repair Association

Chair: Guy Guzzone and Member of Budget and Taxation Committee

RE: SB224

Position: Oppose

My name is Kirk McCauley, my employer is WMDA/CAR, we represent service stations, convenience stores, and repair facilities across the state as a non-profit trade group established in 1938.

SB224 would give counties and Baltimore City the authority to increase taxes on certain commercial and industrial property, Maryland is ranked 46 in business friendly states in 2025 CNBC Annual Ranking [Top States for Business in America 2025: The full rankings](#). Potentially large tax increases will only discourage investment and send more businesses to other states.

Small business is the engine that drives our economy. Counties and Baltimore City should not have the authority to dictate the cost of doing business and upset the balance between retailers.

WMDA/CAR asks for an unfavorable vote on SB224.

Any questions, contact to Kirk McCauley, 301-775-0221 or kmccauley@wmdacar.com

MBIA Letter of Opposition SB224.pdf

Uploaded by: Lori Graf

Position: UNF

January 21, 2026

The Honorable Guy Guzzone
Chair, Budget and Taxation Committee
3 Miller West Senate
6 Bladen St., Annapolis, MD, 21401

RE: SB 224 - Property Taxes - Authority of Counties to Establish a Subclass and Set a Special Rate for Commercial and Industrial Property

Dear Chair Guzzone:

The Maryland Building Industry Association, representing 100,000 employees statewide, appreciates the opportunity to participate in the discussion surrounding **SB 224- Property Taxes - Authority of Counties to Establish a Subclass and Set a Special Rate for Commercial and Industrial Property - MBIA Opposes** the Act in its current version.

This proposal would seek to authorize the Mayor and City Council of Baltimore City or the governing body of a county to establish, by law, a subclass of real property consisting of certain commercial and industrial property and to set a special property tax rate for certain commercial and industrial property for the purpose of financing certain transportation improvements or the approved budget of the county board of education.

While the intent of Senate Bill 224 is to give flexibility to jurisdictions to increase revenues for infrastructure projects is important, especially now with major cuts pending on transportation projects, MBIA has concerns about the proposal given the potential for large tax increases on these property types. Rising property taxes are already putting a major squeeze on owners and occupiers, this is also being proposed at a time when we are seeing rent control measures put into place in certain jurisdictions. Tax bills for industrial buildings are experiencing significant jumps due to reassessments as taxing jurisdictions catch up to rising sale prices.

According to Savills, over the past five years, property taxes on industrial buildings in the study markets have grown by 21.3%, primarily due to a 29.6% increase in assessments.¹ Increased operating costs, which property taxes are built into, as well as the inability for some property types to increase their costs hinders economic viability and ultimately leads to higher costs for tenants and occupiers.

Fully understanding the current situation that Maryland is in from a budget and fiscal standpoint and that all options are on the table, continuing to tax the real industry is not going to lead more revenue. It will lead to again higher costs for consumers and tenants as well as less of these businesses operating in the state.

For these reasons, MBIA respectfully requests the Committee give this measure an Unfavorable report. Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: Budget and Taxation Committee

¹ "Rising property taxes squeeze warehouse occupiers and limit rents." https://www.savills.us/research_articles/256536/363380-0/rising-property-taxes-squeeze-warehouse-occupiers-and-limit-rents

SB224_NFIB_unf (2026).pdf

Uploaded by: Mike O'Halloran

Position: UNF



NFIB-Maryland – 60 West St., Suite 101 – Annapolis, MD 21401 – www.NFIB.com/Maryland

TO: Senate Budget & Taxation Committee
FROM: NFIB – Maryland
DATE: January 21, 2026

RE: **OPPOSE SENATE BILL 224** – Property Taxes – Authority of Counties to Establish a Subclass and Set a Special Rate for Commercial and Industrial Property

Founded in 1943, NFIB is the voice of small business, advocating on behalf of America’s small and independent business owners, both in Washington, D.C., and in all 50 state capitals. With more than 250,000 members nationwide, and nearly 4,000 here in Maryland, we work to protect and promote the ability of our members to grow and operate their business.

On behalf of Maryland’s small businesses, NFIB-Maryland opposes Senate Bill 224 – legislation enabling Baltimore City and county governments to establish a subclass of improved real property for industrial and commercial properties and to set a special property tax rate for those properties.

NFIB members are concerned counties and Baltimore City could use this authority and set tax rates on commercial and industrial properties that would a) considerably raise taxes on small businesses and b) discourage investment in those areas where these new tax rates are in effect.

While state specific data is not available for Maryland, 19% of small business owners said they had plans to make capital outlays in the latest [NFIB Small Business Economic Trends](#) survey. Enacting SB224 would likely cause that percentage to go down for Maryland small businesses as they would have to recalculate their budgets because of higher property taxes.

Additionally, small business owners ranked “property taxes” 11th on the “Measures of Small Business Problem Importance” in the most recent [Problems & Priorities](#) report by NFIB. Property owners throughout Maryland [are seeing their taxes increase](#) in the wake of COVID-19. They need to see these rates steady otherwise a county-led increase will disincentivize critically needed investment in our state.

For these reasons **NFIB opposes SB224** and requests an unfavorable committee report.

SB 224 Special Tax Rates - Commercial Industrial -

Uploaded by: Tom Ballentine

Position: UNF



January 19, 2026

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

Unfavorable: SB 244 – Property Tax – Authority to Set Special Rates - Commercial and Industrial Property

Dear Chair, Guzzone, and Committee Members:

The NAIOP Maryland Chapters represent seven hundred 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 244 which authorizes local governments to impose a property tax surcharge on commercial and industrial property to fund local transportation and education services.

There is very little doubt that the authority in SB 244 would result in commercial real estate taxes that duplicate other local taxes and fees utilized for the same purposes. The SB 244 tax surcharge would put additional financial pressure on commercial real estate when it is struggling with a stagnant state economy, a post-pandemic restructuring of workplace behavior and tenant geographic migration that is creating persistent double-digit vacancy rates across multiple markets.

- **Commercial Real Estate Already Generates Higher Net Tax Benefits Than Other Classes of Property** – Commercial real estate already pays state and local property taxes, transfer and recordation taxes on leases, sales, and mortgages. These existing commercial real estate taxes generate significantly more revenue than the cost of public services provided to commercial real estate. SB 244’s tax surcharge would increase the disproportionate share of local government services already funded by commercial real estate.
- **Special Rates Would Duplicate Transportation Impact Fees and Adequate Public Facilities Requirements** – In most jurisdictions commercial real estate is subject to transportation adequate public facilities requirements, impact fees, or excise taxes both at new construction and major renovations. In many jurisdictions NAIOP members pay impact fees to fund expansion of transportation facilities in addition to upgrading intersections and making road improvements as a condition of development approval or building permits at building renovation. SB 244 would “double tax” these property owners for the same purposes without regard for the adequacy of transportation infrastructure serving these buildings or whether those paying the additional taxes are generating demand for expanded transportation infrastructure.
- **No Nexus or Direct Relationship** – Jurisdictions in Maryland do not assess education impact fees or excise taxes on commercial and industrial property because these types of development do not generate school students. SB 244 ignores this legal and policy basis by establishing a narrowly drawn commercial and industrial property tax surcharge for education operating and capital expenses.

- **The 12.5 cent Cap on Tax Surcharge Still Enables Substantial Tax Increases** – The bill caps special tax rates at 12.5 cents per \$100 of assessed value. Based on current county tax rates, even with the cap, the bill authorizes commercial and industrial tax increases of between 12% and 15%.
- **Breaks with Principle of Uniform Taxation** - The bill would break the long-standing Maryland principle that all property owners should pay uniform tax rates.
- **Increased Commercial Property Taxes Put Downward Pressure on Assessed Values and Shrink the Commercial Tax Base** - Commercial real estate values are largely determined by their ability to generate income, which is measured through Net Operating Income. Higher property taxes increase operating expenses, which directly reduces Net Operating Income and lowers property values.
- **Higher Taxes Impact Refinancing and Loan Underwriting** – Debt Service Coverage Ratio measures the extent to which commercial rents cover a building’s operating costs. When taxes rise lower operating incomes can weaken the debt coverage ratio to below minimum levels set by banks and lending institutions. Lenders may require higher downpayments or impose stricter loan terms making financing more difficult to obtain or more expensive.
- **Increased Taxes Will Pass Through to Small Businesses Under Common Lease Provisions** - The common commercial real estate lease for many small service and retail businesses is a lease where the tenant pays for regular expenses like utilities and property taxes. The increased taxes resulting from SB 244 will be passthrough expenses. If taxes sharply increase, tenants may struggle to afford rent or relocated to lower-tax areas.

For these reasons, NAIOP respectfully requests your unfavorable report on SB 244.

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.