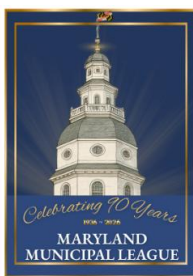


MML - SB735 - FAV.pdf

Uploaded by: Justin Fiore

Position: FAV



TESTIMONY

COMMITTEE: Senate Budget and Taxation

DATE: March 3, 2026

POSITION: Favorable

BILL: SB 735

On behalf of the Maryland Municipal League (MML), representing 161 local governments, we respectfully submit this testimony in support of Senate Bill 735.

This legislation addresses a fundamental issue of tax fairness and assessment accuracy. By providing municipal corporations with a limited, metric-driven tool to request a review of commercial property values following a significant market transaction, SB 735 ensures that the local tax burden is distributed equitably across all property classes.

Under current Maryland law, the property tax system provides a robust "one-way street" for appeals. Property owners and businesses have multiple avenues to challenge an assessment if they believe it is too high, including the ability to file a petition for review off-cycle if they believe the value has declined. However, local governments currently lack a reciprocal mechanism to ensure that the most significant commercial assets are contributing their fair share when market data proves an assessment is outdated.

- **Closing the Fairness Gap:** When a high-value commercial property sells for significantly more than its assessed value, the resulting "assessment lag" creates a disparity. This effectively shifts the tax burden onto residential homeowners and small businesses whose assessments more closely mirror market reality.
- **A Limited and Precise Tool:** SB 735 is not a broad expansion of power. It is built around a very clear and objective metric: a petition can only be filed if a commercial property is sold for **20% or more** than the previous sales price. This safeguard ensures that municipalities are only acting when there is clear, undeniable evidence of a valuation gap.
- **Focus on Commercial Accuracy:** This bill specifically targets commercial real property. It does not affect residential homeowners, but rather seeks to ensure that large-scale commercial transactions—which often involve complex valuations—reflect the actual market price in the years between triennial reassessments.

Municipalities rely on property taxes for approximately 50% of their general fund budgets. Ensuring that the assessment base is accurate is not about "increasing taxes"; it is about ensuring the integrity of the base. When a major commercial entity is under-assessed relative to a recent 20%+ sale, it drains resources that should be supporting the very infrastructure (police, roads, and utilities) that makes that commercial property viable.

SB 735 provides a common-sense solution to a long-standing inequity in the assessment process. It mirrors the rights already afforded to taxpayers and uses a high-threshold market trigger to ensure it is used only in the most clear-cut cases of under-assessment.

For these reasons, the Maryland Municipal League urges a **favorable report** on Senate Bill 735.

For more information relating to this piece of testimony, please contact:

Justin Fiore: Director, Advocacy and Public Policy, justinf@mdmunicipal.org

SB0735-BT_MACo_SUP.pdf

Uploaded by: Sarah Sample

Position: FAV



Senate Bill 735

Property Tax - Petition to Review Value of Commercial Real Property

MACo Position: **SUPPORT**

To: Budget and Taxation Committee

Date: March 3, 2026

From: Kevin Kinnally and Sarah Sample

The Maryland Association of Counties (MACo) **SUPPORTS** SB 735. This bill authorizes a county or municipality to file a petition for review of the assessed value of specified commercial real property when that property sells for at least 20% more than its prior sales price.

Under current law, only the property owner may initiate a petition for review outside of the regular reassessment cycle. Counties generally cannot file “out-of-cycle” appeals during the two years of a triennial cycle when SDAT does not schedule the property for reassessment. As a result, even when a commercial property sells at a substantially higher price, local governments may have no mechanism to seek a timely review of the assessment.

This bill provides a narrow and objective standard. When a commercial property changes hands and the transaction reflects a significant increase, the local government may request review through the existing appeals process. The bill does not alter assessment methodology, change tax rates, or affect residential property. It simply allows local governments to initiate review under defined circumstances tied to clear market evidence.

Counties rely on accurate and up-to-date commercial assessments to maintain fairness and stability in the property tax base. When large commercial properties sell for substantially higher amounts, but assessments lag, the burden shifts and inequities arise. SB 735 helps ensure assessments better reflect current market conditions and promotes consistency in tax administration.

For these reasons, MACo respectfully requests a **FAVORABLE** report on SB 735.

Sen_Wrt_Test_SB735.pdf

Uploaded by: SCOTT Nicewarner

Position: FAV



CITY OF HAGERSTOWN, MARYLAND

Scott A. Nicewarner
City Administrator

One East Franklin Street • Hagerstown, MD 21740

E-mail: snicewarner@hagerstownmd.org

Telephone: 301.766.4161 • TDD: 301.797.6617 • Website: www.hagerstownmd.org

March 1, 2026

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

Re: **FAVORABLE – SB 735 Property Tax - Petition to Review Value of Commercial Real Property**

Thank you for the opportunity to express written testimony in support of SB735. This legislation provides local governments with a practical, narrowly tailored tool to keep commercial property assessments fair and aligned with real-world market conditions.

In short, the bill authorizes a county or municipality to initiate an appeal through the Maryland State Department of Assessments and Taxation when a commercial property sells at least 20% more than its assessed value. A drafting error that referenced 20% of a prior sales price is being corrected through a technical amendment. As clarified, the bill targets significant gaps between assessment and market reality.

Under current law, local jurisdictions may challenge assessments only during the triennial review cycle—once every three years—while commercial property owners may appeal in any year of the cycle. This imbalance prevents local governments from responding to clear market evidence in the years between triennial reviews. SB735 restores balance by allowing a petition for review in those interim years, but only in exceptional cases where the 20% threshold is met.

When a commercial property is significantly under-assessed, the tax obligation does not disappear, it shifts. Residents may face higher tax rates or reduced public services to compensate. SB735 helps ensure that similarly situated properties are treated equitably and that the tax base reflects actual market conditions.

Importantly, the bill is carefully constrained. The 20% trigger serves as a clear guardrail, limiting out-of-cycle petitions to cases where there is strong, objective evidence that an assessment is materially out of step with the market. Local governments are closest to on-the-ground development activity and can responsibly bring timely, verifiable information into the assessment process when such disparities arise.

For these reasons, SB735 promotes fairness, fiscal stability, and transparency in Maryland's property tax system. I respectfully urge a favorable report. Thank you for your consideration.

Sincerely,

Scott A. Nicewarner

SB0735-BT-FWA.pdf

Uploaded by: Nina Themelis

Position: FWA



BRANDON M. SCOTT
MAYOR

*Office of Government Relations
88 State Circle
Annapolis, Maryland 21401*

SB0735

March 3, 2026

TO: Members of the Senate Budget and Taxation Committee

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

RE: Senate Bill 735 – Property Tax - Petition to Review Value of Commercial Real Property

POSITION: SUPPORT WITH AMENDMENTS

Chair Guzzone, Vice Chair Rosapepe, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **supports with amendments** Senate Bill (SB) 735.

Senate Bill 735 provides local governments with a practical tool to ensure property tax assessments keep pace with real market values by allowing counties and municipalities to request a review of a commercial property's assessment when it sells for at least 20% more than its prior sale price. By enabling jurisdictions to initiate this process, the bill promotes fairness and transparency in the tax system, helps maintain an equitable distribution of the property tax burden, and supports stable local revenues needed for essential public services.

Baltimore City supports the intent to authorize counties and municipal corporations to petition for review of the assessed value of commercial real property after certain sales. Baltimore City requests one amendment to the legislation. Baltimore believes that the threshold for allowing counties and municipalities to request a review of a commercial property's assessment should be set at 15% more than its prior sale price. 15% growth in the market value of the property is a more reasonable benchmark for initiating a review of the assessment in order to keep assessments accurate and up to date with market changes.

For these reasons, the BCA respectfully requests a **favorable with amendment** report on SB 735.

SB735 - King - Sponsor Testimony.pdf

Uploaded by: Senator Nancy King

Position: FWA

NANCY J. KING
Legislative District 39
Montgomery County

MAJORITY LEADER

Budget and Taxation Committee

Chair

Education, Business, and
Administration Subcommittee



James Senate Office Building
11 Bladen Street, Room 123
Annapolis, Maryland 21401
410-841-3686
800-492-7122 Ext. 3686
Nancy.King@senate.state.md.us

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Senate Bill 735 – Property Tax – Petition to Review Value of Commercial Real Property

March 3, 2026

Mister Chairman and Members of the Budget & Taxation Committee:

Under current law, a local jurisdiction may appeal a property assessment only once every three years under Maryland’s triennial assessment cycle. Meanwhile, any taxpayer - an individual or a corporate entity – can appeal an assessment in each taxable year.

Senate Bill 735 will allow a county or municipal government to file a petition for review of the value of commercial real property during the years between that 3-year cycle just as taxpayers can already do but only for commercial properties, and only in cases when clear evidence (namely, public records of an actual sale price driven by market forces) shows the assessment is significantly out of date. And importantly, the bill includes language that allows a local government to petition for a mid-cycle review only when the sale price is at least 20 percent higher than the assessed value. This language ensures that this authority is used only in exceptional cases where there is strong evidence that existing assessment may be out of step with market reality and it prevents a floodgate of appeals by local governments.

Accurate commercial assessments are critical to funding public safety, transportation infrastructure, housing initiatives, and community development. When assessments lag significantly behind real market value, the result is distortion in the local tax base, and the burden moves onto residents, small businesses and other property owners.

Senate Bill 735 will provide counties and municipalities with the exact same right that individuals and corporations already have to petition for a review of the value of commercial property. It will provide a practical, narrowly tailored tool to ensure commercial property assessments remain fair and aligned with real-world market conditions, and it will ensure that levels of government receive their fair share of property taxes. And so, I respectfully request a favorable report on Senate Bill 735 with amendments.

NOTE: I am offering two technical clarifying amendments.

AOBA SB735 UNF.pdf

Uploaded by: Brian Anleu

Position: UNF



Bill: **SB 735 - Property Tax - Petition to Review Value of Commercial Real Property**

Committee: **Budget and Taxation**

Date: **March 3, 2026**

Position: **Unfavorable**

The Apartment and Office Building Association (AOBA) of Metropolitan Washington is a nonprofit trade association representing the owners and managers of more than 23 million square feet of commercial office space and 167,000 apartment rental units in Montgomery and Prince George's counties. AOBA submits the following testimony in opposition to Senate Bill 735.

SB 735 would authorize a county or municipal corporation to petition for review of the value of commercial real property when it is sold to a new owner at a price at least 20% higher than the previous sale price. This proposal effectively enables mid-cycle reassessments triggered by sales price increases, which undermines predictability in the state's triennial assessment system and may have a negative impact on commercial property financing. Commercial real estate underwriting depends on reliable forward projections of operating expenses with real estate taxes being the single largest line item after debt service. When tax liabilities change mid-cycle based on sales price, investors and lenders must assume higher risk, leading to more conservative underwriting.

Take a Montgomery County multifamily property, for example, with a \$100 million assessed value that is phased in over a three-year cycle. If the property sells for \$130 million in year two of the three-year assessment period, a mid-cycle assessment would result in an increase in real estate tax expense of \$460,000. This decrease in net operating income (NOI) would reduce the underwritten property value by \$9.2 million.¹ This would decrease the debt capacity by nearly \$6 million, which the buyer would need to pay in cash or raise in equity from investors.

When property taxes go up permanently, buyers adjust the amount they are willing to pay. Over time, this means sellers receive less, buyers need more equity, and fewer transactions occur. Montgomery and Prince George's Counties are already seeing large declines in the number of multifamily and

¹ The formula for calculating commercial property values is $\text{NOI}/\text{Cap Rate} = \text{Value}$. This example assumes a 5% cap rate, which is a reasonable stabilized cap rate for institutional-quality commercial property in Montgomery County under normal market conditions. Therefore, the reduction is $(-\$460,000)/5\% = -\9.2M .

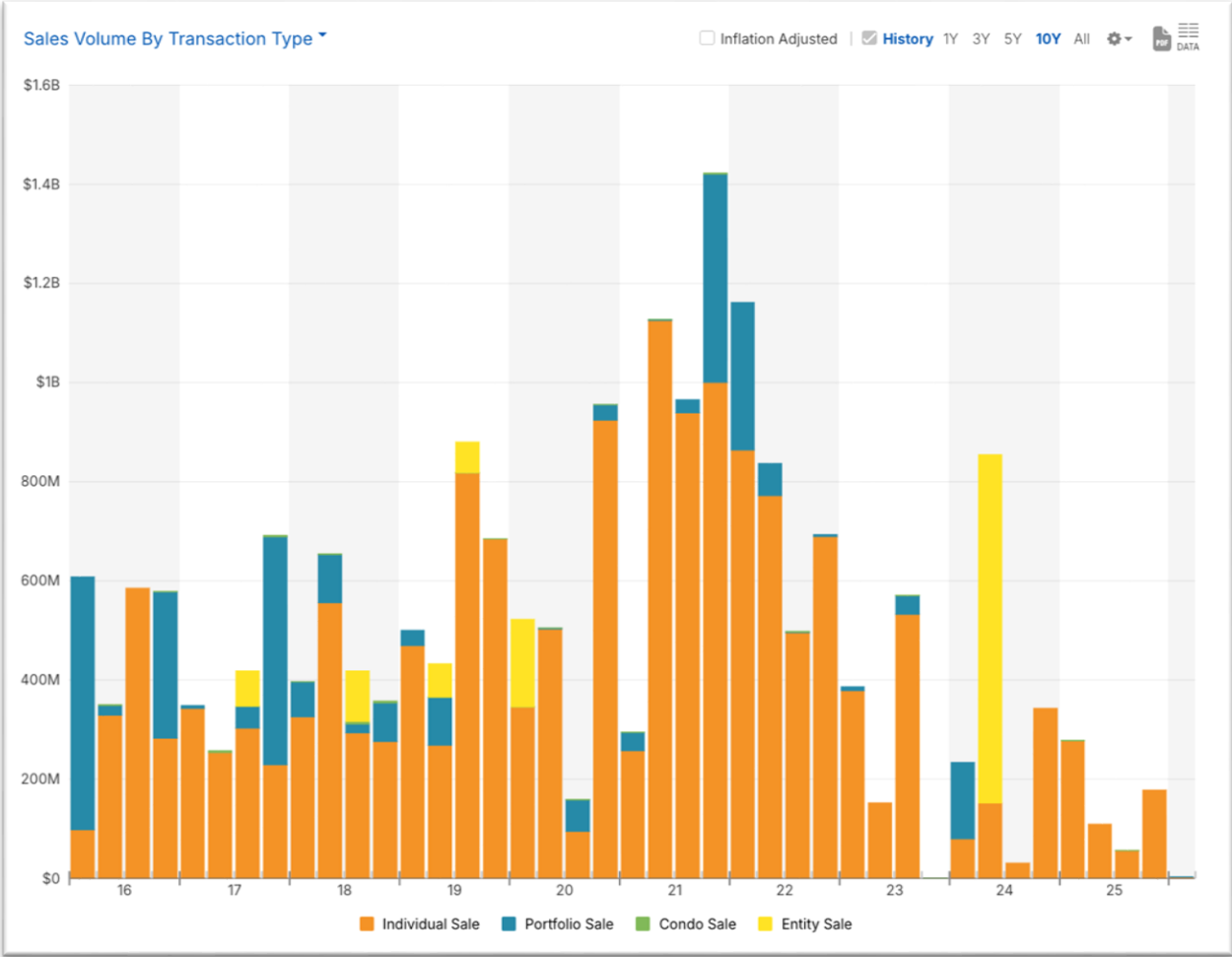
commercial office building transactions due to the regulatory environment in both counties.² Attached to this testimony is the CoStar for combined multifamily and office building sales in both counties. This decline in sales has resulted in millions of dollars of less transfer and recordation taxes.

SB 735 may appear to simply “update” property values after a sale, but in practice it introduces instability into Maryland’s property tax system. That instability reduces investment, reduces lending, and ultimately slows economic activity. At a time when Maryland is working to attract capital and revitalize commercial corridors, this proposal moves in the opposite direction.

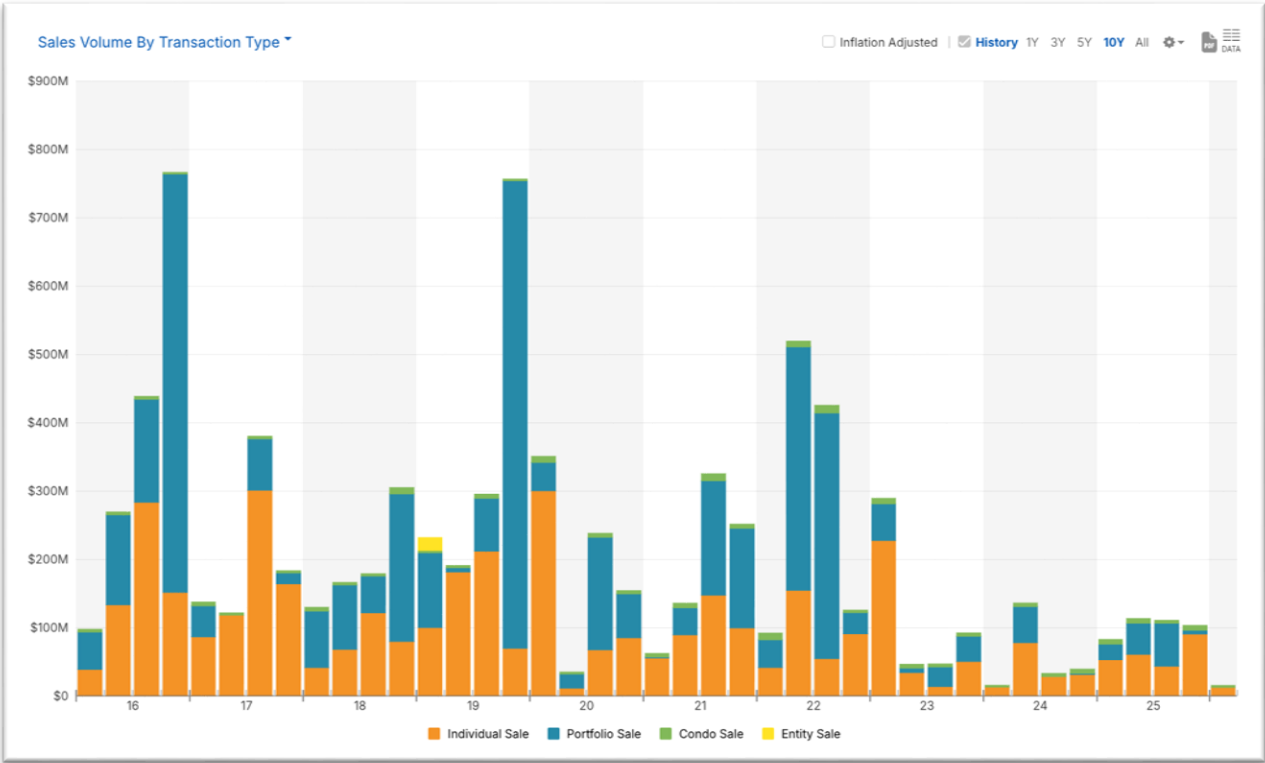
For these reasons, AOBA urges an unfavorable report on Senate Bill 735. For more information, please contact Brian Anleu at banleu@aoba-metro.org.

² https://www.wsj.com/real-estate/wall-street-landlords-loved-these-d-c-suburbs-rent-control-ended-that-a8f166cb?reflink=desktopwebshare_permalink

10-Year Multifamily Property Sales Montgomery & Prince George's Counties



10-Year Office Building Sales in Montgomery & Prince George's Counties



SB 735_BOMA_UNF.pdf

Uploaded by: Bryson Popham

Position: UNF



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February 27, 2026

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

RE: Senate Bill 735 - *Property Tax - Petition to Review Value of Commercial Real Property*
UNFAVORABLE

Dear Chair Wilkins 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 735.

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.

BOMA has submitted testimony on a number of occasions this year where legislation has created either new classes or property subject to taxation, or as in Senate Bill 735 a new opportunity for a local jurisdiction to impose a new tax through the process of appealing the value of commercial real property.

Respectfully, we submit that the powers granted under Senate Bill 735 do not represent a sound and stable approach to the taxation of commercial real property. Instead, it authorizes the local government to appeal the valuation of a given property for the sole reason that the property has been sold, basing such reassessment on a benchmark of the sales price "when the property was previously sold." This is potentially disruptive to the commercial real estate market, and BOMA does not believe that there is a sound policy reason that would support such a change in the law.

With that said, BOMA would be willing to consider an amendment to Senate Bill 735 that would limit its operation to a situation where a property owner has appealed the current value of the property, and the appeal has been granted. Our belief, however, remains that the policy in Senate Bill 735 as drafted should not be adopted by your Committee.

Therefore, we urge the Committee to give an unfavorable report on Senate Bill 735.

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.

SB 735 - Property Tax - Review Value Commercial Pr

Uploaded by: Christa McGee

Position: UNF



Senate Bill 735 - Property Tax - Petition to Review Value of Commercial Real Property

Position: Oppose

Maryland REALTORS® opposes SB 735, which would allow a county or a municipal corporation to file a petition for review to appeal the assessed value of commercial real property after a sale when the total sales price is 20 percent or more than the total sales price when the property was previously sold. The bill also directs the Department to adopt procedures for this new local government-initiated petition process.

This bill creates a new layer of tax uncertainty tied directly to a transaction. Commercial real estate deals already involve underwriting, financing conditions, and cost forecasting. Allowing local governments to initiate an appeal right after a sale adds a new variable that buyers and lenders cannot reliably price at closing, particularly for smaller properties and local investors. That uncertainty can chill transactions and delay reinvestment.

Maryland REALTORS® is also concerned that the 20 percent trigger does not necessarily reflect an inaccurate assessment. A higher sale price may simply reflect market conditions or planned improvements, and a government-initiated appeal could discourage reinvestment and redevelopment.

Finally, Maryland already reassesses real property on a three-year cycle through the State Department of Assessments and Taxation, which provides a predictable reassessment framework that property owners and investors can plan around. SB 735 would add an additional government-initiated challenge immediately following a sale, creating uncertainty outside the normal reassessment timeline.

For these reasons, Maryland REALTORS® respectfully requests an unfavorable report on Senate Bill 735.

**For more information contact lisa.may@mdrealtor.org
or christa.mcgee@mdrealtor.org**

SB 735 - Petition to Review Value of Commercial Re

Uploaded by: Tom Ballentine

Position: UNF



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.