



TESTIMONY

COMMITTEE: House Economic Matters

DATE: March 13, 2026

POSITION: Unfavorable

BILL: House Bill 1538

Municipalities recognize that accessory dwelling units (ADUs) can help expand housing options and support multigenerational living arrangements. Many Maryland municipalities already permit ADUs and have adopted zoning frameworks that accommodate them in ways that reflect local infrastructure capacity, neighborhood conditions, and community planning goals. House Bill 1538, however, replaces these locally tailored approaches with a broad statewide mandate that significantly restricts municipal zoning authority and fiscal flexibility.

The bill requires local jurisdictions to allow at least one internal and one external ADU on any lot with a single-family detached home, regardless of existing density limits. This requirement overrides local zoning frameworks that municipalities use to manage residential density, infrastructure capacity, and neighborhood compatibility.

House Bill 1538 also restricts the ability of local governments to recover infrastructure costs associated with additional residential units. The bill prohibits counties and municipalities from imposing development excise taxes or development impact fees on ADUs under 1,000 square feet. These tools help ensure that new development contributes proportionally to the infrastructure it requires, including transportation improvements, water and sewer capacity, and other public facilities.

The bill further limits local authority to establish parking standards for ADUs created through conversions of existing space or accessory structures. Parking availability and street capacity vary widely across communities, and restricting local governments' ability to address those conditions may create unintended impacts in areas where on-street parking is already constrained.

Finally, several provisions affecting utilities and property taxation raise additional concerns. The bill limits certain utility connection fees, requires meter sharing in some circumstances, and exempts ADUs occupied by qualified family members from property taxation. Together, these provisions reduce local fiscal flexibility while increasing the number of residents relying on local services and infrastructure.

Taken together, House Bill 1538 significantly narrows the tools municipalities use to balance housing production with infrastructure capacity, fiscal sustainability, and responsible land use planning. For these reasons, the Maryland Municipal League respectfully requests an unfavorable report on House Bill 1538.

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

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MML represents 161 local governments and about 2 million Maryland residents.