

Members of the Ways and Means committee,

I am incredibly enthusiastic about HB0078 and encourage you to support the legislation. I believe that empowering Baltimore City and Maryland counties to levy a split-rate (or land-value) property tax is a critical step in strengthening county governance and empowering local governments to use the right tools to solve their distinct challenges. The split-rate tax—taxing land at a higher rate than the buildings and improvements—is not a cure-all for the issues that the city and state confront; it will buttress work already in progress, help ensure equitable outcomes in Baltimore's redevelopment, and allow the city to encourage private investment while maintaining revenue neutrality.

It is no secret that Baltimore has struggled with a decades-long vacancy crisis. But the tide is turning, thanks in large part to efforts by lawmakers and the administration at both the city and state level. We are so grateful for Governor Moore's Reinvest Baltimore initiative that commits state resources to eliminating 5,000 more vacancies in five years. But the city still lacks a market mechanism to make speculation and bad land use unprofitable. I am asking you to take one more step by passing HB0078 to enable split-rate taxation.

In our current, conventional property tax model, owners of boarded-up houses, empty commercial shells, or surface parking lots pay much less than their neighbors who actively occupy and improve their properties. Shifting the tax base onto land inverts that incentive structure: holding land idle becomes costly while reinvestment is rewarded, effectively incentivizes vacancy, land speculation, and extractive land uses like parking lots. In a split-rate incentive taxation model, Baltimore will have a real tool to encourage productive land uses that activate neighborhoods and make the city safer.

For the past several decades, Baltimoreans have been forced to pay property taxes for vacant homes as speculators have left them to rot and collapse, endangering residents and causing public safety and health hazards. As a result, Baltimore's effective property-tax rate is roughly double that of surrounding counties. The shift to split-rate taxation will unburden residents who maintain their properties rather than requiring them to subsidize absentee owners of vacant houses, empty lots, and asphalt fields.

Pennsylvania's experience offers the clearest evidence that split-rate taxation is a tool that provides steady progress (not silver bullet immediate changes) when applied prudently. Modeling by the Center for the Study of Economics shows that, when calibrated to be revenue-neutral, a split-rate tax typically reduces the annual tax bill of most homeowners by 25–40 percent, while shifting costs onto under-used land. In Pennsylvania, first-time buyers and long-time residents alike have realized lower monthly payments as a result (1). After Harrisburg adopted a land value tax and incrementally increased the land rate to six times the building rate, the city recorded an 85 percent reduction in vacant properties and 3.5 times more businesses on the tax rolls within

a generation. (1) A 2021 Lincoln Institute study that examined every Pennsylvania municipality with a split-rate system found that the switch produced an immediate net gain of 60–107 business establishments—exactly the kind of diverse storefront investment needed on Baltimore’s Main Streets. (2) Parking lots and gas stations, which are land-intensive but building-light, will finally pay their fair share under a split-rate tax, and the owners will be nudged toward higher-value uses such as mixed-use infill or structured parking with active ground-floor retail. Unsurprisingly, owners of parking lots and gas stations have been the loudest opponents to split-rate taxation in other cities—precisely because they would finally be required to pay their fair share. (1, 3)

Granting Baltimore and Maryland counties split-rate authority aligns perfectly with the state’s stated objectives of housing production, encouraging transit-oriented development, and smart growth by encouraging infill on high-value land near existing infrastructure like transit, while mitigating the infrastructure costs that often accompany our current growth model of sprawl.

Maryland law does not currently allow counties to vary rates on land and improvements, even though municipalities do have that authority. County-level jurisdictions should have the same legislative authorization. A split-rate tax will not solve every urban challenge, but it is a potentially revenue-neutral reform that will disincentivize speculation (a massive drag on the economies of Baltimore and Maryland as a whole) and reward good stewardship, spur private reinvestment that breathes life back into vacant blocks alongside public efforts, and lift the tax burden from the households and entrepreneurs who carry Baltimore on their shoulders.

Thank you for your consideration.

Zac Blanchard
Councilmember, Baltimore City Council District 11

1. [National Association of Home Builders "Case Study: Pennsylvania"](#)
2. [Lincoln Institute of Land Policy "Split-Rate Taxation and Business Establishment Location: Evidence from the Pennsylvania Experience"](#)
3. [Sightline Institute "Land Speculation 101"](#)