



House Bill 90 – Property Taxes - Authority of Counties to Establish a Subclass and Set a Special Rate for Commercial and Industrial Property

Position: Oppose

Maryland REALTORS® opposes HB 90, which would allow counties and the City of Baltimore to create a subclass for commercial and industrial property and impose a special rate with regards to property tax assessments to finance transportation projects and education.

Under current law, property taxes for residential, commercial, and industrial properties are assessed at a uniform rate. REALTORS® are concerned that by allowing local jurisdictions to enact a differential rate by the type of property would create distortions in the market which could then disincentivize investments in whichever type of property is assessed the higher property tax rate. Given that commercial properties often "subsidize" the services provided to residential properties, raising tax rates on commercial properties could lead to disinvestment in those properties, and have the unintended consequence of increasing the percentage of the tax base funded through residential property taxes.

Maryland currently has mechanisms in place, such as the homestead exemption, that provides tax relief to residential property owners. Additionally, there are homeowners and renters tax credits that are offered to lower income residents that help offset their increases in property taxes; however, these programs have not had their qualifying limits raised in several years and are now woefully behind considering inflation and assessment increases. Maryland REALTORS® believes that raising the qualifying limits on these credits can better provide tax relief to Maryland homeowners and renters as opposed to allowing counties the ability to impose differential rates on different classes of property.

For these reasons, Maryland REALTORS® recommends an unfavorable report.

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