

HB 1232 – Baltimore City – Economic Development Project in Downtown RISE District – Payment in Lieu of Taxes

February 26, 2026

Chair Lewis and Members of the Baltimore City House Delegation:

Thank you for the opportunity to submit testimony on behalf of the University of Maryland, Baltimore (UMB) in support of HB 1232, establishing a Payment in Lieu of Taxes (PILOT) mechanism for economic development projects located in Baltimore City's Downtown RISE District. As Maryland's public academic health university and a major anchor institution in Downtown and West Baltimore, UMB strongly supports this legislation and the larger strategy it advances to stabilize and revitalize the city's core.

According to the Baltimore Development Corporation (BDC), 17 major downtown properties have already lost \$647.6 million in value, eroding \$11.8 million in annual property tax revenue, with nearly 1.7 million square feet of office space sitting vacant or at risk. This crisis is not cyclical - BDC describes it as a fundamental market shift driven by nationwide changes in workplace behavior and long-term declines in demand for traditional Downtown office space. Without targeted intervention, Baltimore is projected to lose an additional \$5–10 million annually in property tax revenue over the next three years.

HB 1232 and the Downtown RISE PILOT program offer a clear, evidence-based response to this challenge. As outlined by BDC, the PILOT framework provides the predictability necessary to catalyze conversions of obsolete office buildings into mixed-use and residential spaces, attract private capital, and stabilize the city's fragile tax base. Other cities - including Pittsburgh, Calgary, Detroit, and Philadelphia - have successfully used comparable incentives to reverse vacancy spirals and restore economic vitality to their downtown districts.

As an anchor institution that employs more than 8,000 individuals, educates over 7,000 students, and invests deeply in community partnerships throughout West

Baltimore, UMB has a direct stake in the health of the Downtown economy. A stable, vibrant, and growing Downtown is essential to our mission, our workforce, our students, and the residents we serve. For decades, UMB has worked closely with neighborhood partners, city leaders, and state officials to strengthen the Westside, the MLK corridor, and the broader Downtown ecosystem.

This legislation is especially timely given UMB's recently announced Vibrancy Initiative, a university-driven development strategy aimed at reactivating vacant parcels, expanding ground-floor commercial activity, supporting small businesses, and strengthening the corridors connecting Downtown and West Baltimore. Many of these projects will benefit directly from a healthier, more competitive real estate environment in the RISE District. By stabilizing surrounding properties, the Downtown RISE PILOT will improve feasibility for UMB-aligned development, attract complementary investment, and enhance the vibrancy and safety of areas where our students, employees, and community members walk, work, and interact daily. Revitalization of the RISE District strengthens the economic foundation for the entire Westside - an area where UMB has long partnered on redevelopment efforts, health initiatives, community engagement programs, and public safety improvements.

As BDC's analysis makes clear, the cost of inaction is substantial: declining assessments, shrinking tax revenues, and deterioration of the city's ability to deliver services across all neighborhoods. The PILOT program is carefully structured with accountability mechanisms, annual reporting, and project-specific fiscal analysis to ensure responsible and transparent implementation.

In short, HB 1232 offers Baltimore the tools required to respond to a rapidly changing market, protect the city's long-term fiscal health, and ensure Downtown Baltimore remains a competitive and attractive place to live, work, invest, and study. As an anchor institution deeply invested in the future of the city, UMB is committed to supporting the success of the RISE District and stands ready to partner with the State, City, and BDC on implementation.

Thank you for your consideration and for your continued commitment to Baltimore's economic future. UMB respectfully urges a favorable report on HB 1232.