



My name is Joshua Vincent, and I'm the Executive Director of the Center For the Study Of Economics, a 501c (3) educational research foundation that addresses county and municipal tax reform. CSE supports House Bill 78 because it gives Maryland local governments a practical, optional tool to modernize property taxation in a way that better aligns incentives with housing supply, reinvestment, and neighborhood stability.

CSE has long been in the forefront of research and implementation of a modernized and flexible property tax system to give jurisdictions one more tool they need to encourage capital and market formation, and to lower the cost of housing and doing business in Maryland communities. [The experience of this program in Pennsylvania jurisdictions is now beyond doubt.](#)

HB 78 authorizes Baltimore City and any county to create subclasses of real property consisting of land and improvements to land, and to set separate real property tax rates for each subclass. Importantly, the bill preserves local discretion: jurisdictions may adopt this approach but are not compelled to do so.

This "split-rate" authority can reduce a longstanding problem in property taxation: taxing improvements can unintentionally penalize the very behaviors Maryland wants—rehabilitating older buildings, constructing new housing, and upgrading commercial space. By allowing a jurisdiction to shift some burden from improvements to land value, HB 78 can encourage productive use of well-located parcels, deter land speculation, and support reinvestment without requiring new state spending or a one-size-fits-all mandate.

HB 78 also fits Maryland's broader goals around smart growth and community revitalization. Local officials are best positioned to calibrate rates to local market conditions and policy priorities—whether addressing underutilized lots, encouraging infill development near transit, or improving the feasibility of renovating vacant or distressed properties.

The bill's structure also protects fairness and administrative clarity: if separate rates are adopted, each rate must apply uniformly throughout the taxing jurisdiction to all property within the relevant subclass, and the land and improvement rates are not required to be equal.

Finally, HB 78 provides a clear implementation runway: it takes effect June 1, 2026, and applies to taxable years beginning after June 30, 2027. For these reasons, I urge a favorable report on HB 78.

<https://mgaleg.maryland.gov/mgawebbsite/Legislation/Details/HB0078?ys=2026RS>

<https://mgaleg.maryland.gov/2026RS/bills/hb/hb0078f.pdf>