

HB 1232

Baltimore City - Economic Development Project in Downtown RISE District - Payment in Lieu of Taxes

Ways and Means Committee

March 3, 2026

Position: SUPPORT

*MHLA is the sole statewide organization dedicated to advocacy on behalf of Maryland's lodging industry. Our industry is a powerful economic engine - **765 hotels** support more than **115,000 jobs** statewide, generate **\$7.2 billion in wages and salaries**, contribute **\$2.4 billion in state and local tax revenue**, and drive **\$10.6 billion in guest spending** that strengthens communities across Maryland.*

On behalf of Maryland's hospitality industry, **MHLA urges support for House Bill 1232.**

HB 1232 provides Baltimore City with a critical economic development tool by authorizing payment-in-lieu-of-taxes (PILOT) agreements for qualifying projects in the Downtown RISE District. This legislation will **catalyze new investment** in hotels, mixed-use, residential, retail, and office developments **in the urban core—an area vital to Maryland's tourism economy and statewide competitiveness.**

We strongly support this bill because it **creates meaningful incentives for developers to revitalize downtown Baltimore.** Large-scale projects, especially hotels and mixed-use properties, require significant upfront capital and long investment horizons. A **predictable and flexible PILOT structure reduces early-stage financial barriers, making it more feasible for developers to advance projects that might otherwise stall.** These incentives are essential to attracting private capital and encouraging the rehabilitation of underused or aging properties.

Hotels serve as proven anchors of economic revitalization. **New or renovated hotels generate immediate construction jobs, long-term hospitality employment, increased visitor spending at local businesses, and more state and local tax revenue.** When developers invest in improvements, the surrounding neighborhood gains increased activity, safety, and economic momentum.

HB 1232 offers a voluntary, negotiated PILOT framework that provides predictability for developers while ensuring the City continues to receive revenue. **By reducing upfront tax burdens during critical development and stabilization phases, this bill encourages investment that may otherwise not occur—especially as Baltimore City hotels remain in recovery post-pandemic.**

Importantly, **the bill maintains transparency with required reporting to the City Council and General Assembly,** ensuring accountability and measurable economic results. This balance of flexibility and oversight **makes HB 1232 a responsible, forward-looking policy.**

Baltimore's downtown must remain competitive with peer cities that already use similar economic development incentives. Without comparable tools, Maryland risks losing major hospitality and mixed-use projects to other jurisdictions offering more favorable tax structures.

This legislation will stimulate private investment, incentivize revitalization and property improvements, create jobs, expand and strengthen the long-term tax base, and reinforce Baltimore’s position as a destination for tourism, conventions, and business.

For these reasons, **we urge the Committee to issue a favorable report for [HB 1232](#).**

For more information, please contact:

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