

RYAN SPIEGEL  
Legislative District 17  
Montgomery County

Appropriations Committee

Subcommittees

Oversight Committee on Pensions

Transportation and the Environment



The Maryland House of Delegates  
6 Bladen Street, Room 223  
Annapolis, Maryland 21401  
410-841-3792  
800-492-7122 Ext. 3792  
Ryan.Spiegel@house.maryland.gov

THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401

**Property Tax - Petition to Review Value of Commercial Real Property (HB 1088)**  
**Testimony of Delegate Ryan Spiegel - Favorable**

Chair Wilkins, Vice Chair Feldmark, and Members of the Committee:

House Bill 1088 provides counties and municipalities with the exact same right that individuals and corporations already have to petition for a review of the value of certain commercial property at certain times between the assessments made in the triennial assessment cycle. It provides a practical, narrowly tailored tool to ensure commercial property assessments remain fair and aligned with real-world market conditions.

Under current law, a local jurisdiction may appeal a property assessment only once every three years under Maryland's triennial assessment cycle. See Md. Code, Tax - Property § 14-502. Meanwhile, any taxpayer – an individual or a corporate entity – can appeal an assessment in each taxable year. See Md. Code, Tax - Property § 14-503.

HB1088 allows a county or municipal government to file a petition for review of the value of commercial real property during the years between that 3-year cycle – just as taxpayers can already do – but only for commercial properties, and only in cases when clear evidence (namely, public records of an actual sale price driven by market forces) shows the assessment is significantly out of date.

This is a narrowly tailored solution to address headline-grabbing instances of unfairness, such as a recent mid-cycle sale of a commercial property in Gaithersburg on the open market for about \$150 million, just six months after it had been assessed at the start of its new triennial assessment period for only \$75 million. Under existing law, the City of Gaithersburg, which relies primarily on property tax revenue to fund government programs and services, has no recourse to ensure that the new owner pays property taxes on the actual market value of the property until the end of the three-year cycle.

This legislation does **not** alter tax rates, expand taxing authority, or change the structure of Maryland's assessment system. It simply creates a limited mechanism to correct clearly inaccurate valuations when market conditions have materially shifted. And again, it only applies to commercial property.

Importantly, the bill includes a 20 percent minimum increased value threshold, meaning that a local government may petition for mid-cycle review only when a sale price is at

least 20 percent higher than the last assessed value. That 20 percent trigger is an objective guardrail. It ensures this authority is used only in exceptional cases where there is strong evidence that the existing assessment may be materially out of step with market reality. It prevents any floodgate concerns over routine or minor out-of-cycle appeals by local governments.

Commercial corridors can experience rapid development, large-scale investment, and substantial price changes within a short period of time. When assessments lag significantly behind real market value, the result is distortion in the local tax base. For jurisdictions like the City of Gaithersburg, where a significant portion of the tax base is commercial property, this ability to petition for review is essential.

When a commercial property is significantly under-assessed, the obligation to fund core services does not disappear. It shifts. The burden moves onto residents, small businesses, and other property owners. Accurate commercial assessments are critical to funding public safety, transportation infrastructure, housing initiatives, and community development.

Local governments are closest to on-the-ground development activity. They see sales, new construction, major leases, and market shifts in real time. HB 1088 allows counties and municipalities to bring that information into the assessment process in a responsible and limited way.

The ability of local governments to bring mid-cycle petitions also ensures that other levels of government receive their fair share of property taxes on these commercial properties, based on more accurate assessments. After all, a successful petition by a municipality would benefit the property tax revenues of the county and state as well.

The 20 percent standard preserves the predictability and integrity of Maryland's triennial assessment cycle while providing municipalities and counties with a narrowly tailored tool to address only the most significant discrepancies.

This bill strikes the right balance between stability and fairness.

HB 1088 is crossfiled with Senator King as SB 735.

I respectfully request a favorable report.