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

Committee: **Budget & Taxation**

Date: **January 27, 2026**

Position: **Unfavorable**

This testimony is offered on behalf of the Maryland Multi-Housing Association (MMHA). MMHA is a professional trade association established in 1996, whose members consist of owners and managers of more than 210,000 rental housing homes in over 958 apartment communities. Our members house over 538,000 residents of the State of Maryland. MMHA also represents over 250 associate member companies who supply goods and services to the multi-housing industry.

House Bill 90 authorizes the Mayor and City Council of Baltimore City or the governing body of a county to establish, by law, a subclass of real property consisting of commercial and industrial property and to set a special property tax rate for that property for the purpose of financing transportation improvements or the approved budget of the county board of education.

MMHA acknowledges the difficult fiscal environment facing state and local governments, including ongoing budget pressures and the need for robust revenue streams to support essential services. However, House Bill 90 would authorize new, targeted property tax classifications and special tax rates for commercial, industrial, and mixed-use properties — including many rental housing developments — and would discourage much-needed private investment in housing at a time when Maryland already faces a severe housing supply crisis.

Recent state data show that Maryland must accommodate projected household growth through the addition of roughly 590,000 new housing units by 2045, yet production has not kept pace with demand, contributing to high cost burdens for renters and owners alike. More than 50% of Maryland renter households are cost-burdened, spending over 30% of their income on housing, and rental supply shortages are widespread across income levels, with deficits of hundreds of thousands of affordable units statewide. The shortage is fueled in part by restrictive land use and underproduction of new housing, which leave markets strained and rents elevated relative to incomes.

By creating a framework that enables local governments to impose special tax rates on properties critical to housing supply — including mixed-use buildings that often contribute financially feasible units to the market — House Bill 90 risks increasing operating costs, discouraging reinvestment, and reducing incentives for rehabilitation and new construction. In an environment where Maryland consistently underproduces housing — approving only a fraction of the estimated 30,000 units per year needed to meet demand — adding policy that could further deter investment will only deepen the current dearth of affordable rental homes.

Maryland MULTI-HOUSING Association, Inc.

Housing production decisions rely on predictable, stable tax policy; uncertainty and increased taxation reduce developer confidence, limit financing options, and disproportionately impact workforce and affordable housing projects. Maryland's housing providers are committed to strengthening communities and expanding housing options, but House Bill 90 would undermine those goals at a time when the state can least afford it.

For these reasons, MMHA respectfully urges the Committee to give House Bill 90 an unfavorable report.

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