



Senate Bill 224

Property Taxes - Authority of Counties to Establish a Subclass and Set a Special Rate for Commercial and Industrial Property

MACo Position: **SUPPORT**

To: Budget & Taxation Committee

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From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** SB 224. This bill authorizes county governments, subject to General Assembly approval, to establish specific subclasses of commercial and industrial real property and apply a special property tax rate to support local transportation priorities and public schools.

SB 224 advances a core county priority by providing measured flexibility to address rising infrastructure and education costs. Counties face sustained pressure from road maintenance, bridge repair, school construction, and the Blueprint for Maryland's Future, while existing revenue structures provide limited flexibility as costs continue to rise. The bill offers a narrowly tailored option that adds capacity within existing revenue structures while directing new resources toward transportation and education priorities.

Local governments maintain the vast majority of Maryland's road network, yet Highway User Revenues remain well below historic funding levels. That gap strains local capital plans and forces counties to defer maintenance and rehabilitation projects. At the same time, education funding obligations continue to grow, placing untenable pressure on county budgets and crowding out other community priorities.

SB 224 offers a practical and bounded solution. The bill limits the use of special rates to property subclasses explicitly authorized by state law and requires express General Assembly approval before implementation. These guardrails ensure transparency, accountability, and deliberate use of the authority.

The bill also includes express protections to prevent disproportionate impacts. Caps on special rates and limits on eligible property subclasses ensure counties apply this authority carefully and equitably, aligning new revenues with clearly defined transportation and education purposes.

This approach is not novel, as municipal governments already have the authority to establish property tax differentials. This bill extends a comparable, but more constrained, framework to counties, subject to General Assembly approval.

SB 224 provides counties with a measured tool to meet growing infrastructure and education needs within a defined statutory framework. For these reasons, MACo urges the Committee to issue a **FAVORABLE** report on SB 224.