



March 26, 2015

The Honorable Edward J. Kasemeyer  
Chairman, Senate Budget and Taxation Committee  
3 West Miller Senate Office Building  
Annapolis, MD 21401

Dear Chairman Kasemeyer:

HB 497 expands a local property tax exemption to include limited liability companies (LLCs) that provide low-income housing to families and are owned by a nonprofit corporation, or a specified limited partnership whose managing partner is a specified LLC wholly owned by a nonprofit corporation. Based on the current structure of the law, the Maryland Association of Counties (MACo) has no concerns with this expansion of the property tax exemption and therefore, did not take a position on HB 497 or its crossfile, SB 356 as introduced.

The intent of both of these bills is to modernize the statute to incorporate low-income housing financing arrangements involving public-private partnerships. Under current law, for an entity to qualify for this property tax exemption, an agreement must be approved between the local government and the entity that owns the property and there must be a negotiated Payment in Lieu of Taxes (PILOT). This provides sufficient oversight by a local jurisdiction to determine if the financing entity warrants a property tax exemption and enables the jurisdiction to recoup some of the revenue loss through the PILOT.

SB 356 was amended by the Budget and Taxation Committee to apply only to Baltimore City and will be considered in the House next week. MACo requests that HB 497 maintain its statewide scope as the bill could incentivize these financing arrangements to provide additional low-income housing.

Thank you for your consideration. Please contact me if I can provide any additional information.

Sincerely,

  
Andrea Mansfield  
Legislative Director

CC: Members, Budget and Taxation Committee, Maryland Senate