



CITY OF BALTIMORE
MAYOR BRANDON M. SCOTT

TO	The Honorable President and Members of the Baltimore City Council
FROM	Michael Mocksten, Finance Director
DATE	May 4 th , 2026
SUBJECT	City Council Bill 25-0088, Taxes – Property Tax – Vacant Lots and Vacant Structures

The Honorable President and
Members of the City Council
City Hall, Room 400

Position: Support with Amendments

The Department of Finance is herein reporting on City Council Bill 25-0088, Taxes – Property Tax – Vacant Lots and Vacant Structures, for the purpose of amending the special real property tax rate for vacant and abandoned property to include vacant lots; establishing a subclass of real property of vacant lots and vacant structures; applying a special real property tax rate to the subclass of real property; requiring the provision of notice of the special real property tax rate; providing for the promulgation of rules and regulations; requiring a certain annual report; defining certain terms; repealing certain sections of Ordinance 24-431 that ordained an abrogation date for the Ordinance; and generally relating to the special real property tax rate levied on vacant lots and vacant structures.

City Council Bill 24-0601

The Maryland General Assembly passed House Bill 2 during the 2024 legislative session, which amended the State Tax Property Article to authorize the City, or the governing body of a county, to establish a subclass of real property for vacant and abandoned properties and to set a special property tax rate for such properties.

In 2024, the City Council passed Bill 24-0601, establishing a special property tax rate for vacant and abandoned properties for three fiscal years: Fiscal 2027 through Fiscal 2029 (July 1, 2026, through June 30, 2029). Properties with a Vacant Building Notice issued by the Department of Housing and Community Development (DHCD) are subject to this special property tax rate. City Council Bill 24-0601 applies to residential and commercial properties but excludes those in the In Rem process at the time and vacant lots.

Since the passage of Ord. 24-0601, DHCD, the Department of Finance, the Law Department, and the Mayor's Office have been working to determine a viable implementation approach. However, ongoing technical and legal constraints continue to hinder full implementation and would persist under this bill without amendments. A major issue is the lack of ability for the City to exempt certain property owners from having to pay the increased tax rate. These property owners range from owners who are actively improving the vacant unit to bring it into productive use, and property owners working with the City

through Land Disposition Agreements.

City Council Bill 25-0088

City Council Bill 25-0088 expands Baltimore City’s existing special property tax rate for vacant and abandoned properties to include vacant and abandoned lots for three fiscal years: Fiscal 2027 through Fiscal 2029 (July 1, 2026, through June 30, 2029). The bill defines a vacant lot as a parcel of land without a building. These unimproved lots will be subject to the special property tax rate. The legislation proposes to increase the property tax rate on affected parcels from 2.248% to 6.744% in Fiscal 2027, and to 8.992% in Fiscal 2028 and Fiscal 2029. The issues mentioned above must be resolved in the context of the vacant buildings tax before advancing a similar measure for vacant lots.

Summary of Position

The Department of Finance supports the goal of reducing vacancy and blight but recommends delaying the vacant property tax by two years and removing vacant lots from the legislation. The delay is needed to secure state authorization for exemptions, establish local rules, build administrative systems, and conduct outreach. Vacant lots should be excluded for now due to the lack of a clear legal definition of “nuisance lots” and unreliable data to accurately identify and classify them.

Without exemptions, the tax could create unintended burdens for homeowners, developers, and partners actively working on properties. Over the next two years, the City plans to pursue state enabling legislation, establish exemption categories, improve data systems, and build implementation processes, aiming for a tax levy in July 2028. Overall, Department of Finance argues that foundational legal and data issues must be resolved to ensure the tax is applied fairly and effectively.

Conclusion

In conclusion, while City Council Bills 24-0601 and 25-0088 reflect a clear policy intent to address vacancy and blight through enhanced taxation, significant legal, technical, and administrative barriers remain. Expanding the tax to vacant lots without first resolving these challenges—particularly the lack of exemption authority, unclear definitions, and data limitations—risks inequitable application and unintended consequences. A measured approach that prioritizes implementation of the existing vacant buildings tax, secures necessary state authorization, and strengthens administrative and data systems will better position the City for long-term success. Delaying implementation and narrowing the scope of the legislation will help ensure that any future tax is both effective and equitable.

For the reasons stated above, the Department of Finance supports with Amendments City Council Bill 25-0088.

cc: Michael Mocksten
Nina Themelis