September 9, 2025

FISCAL AND POLICY NOTE

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Interim Council Administrator

Karen T. Zavakos
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THRU: Lavinia Baxter
Senior Legislative Budget and Policy Analyst

FROM: Roger G. Banegas
Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Impact Statement
CB-044-2025 Vacant Real Property Tax Rate

CB-044-2025 (*Proposed and Sponsored by:* Council Members Burroughs and Oriadha)

Assigned to the Government Operations and Fiscal Policy Committee

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AN ACT CONCERNING THE VACANT REAL PROPERTIES TAX RATE for the purpose of establishing a real property tax rate for real properties consisting of vacant houses/buildings or improved property cited as vacant and unfit for habitation or other authorized use on a housing or building violation notice and specifying the use of the proceeds from the aforementioned tax.

Fiscal Summary

Direct Impact

Expenditures: Potential increase in expenditures to create the necessary infrastructure to effectively implement the Vacant Property Registry Program.

Revenues: Potential increase in revenues from the increased property tax rate on vacant properties.

Indirect Impact

Likely Favorable

Legislative Summary:

CB-044-2025[1], proposed and sponsored by Council Members Burroughs and Oriadha, was presented on April 29, 2025, and referred to the Government Operations and Fiscal Policy Committee. This bill would create an impetus for reducing the amount of vacant real properties by imposing a tax rate on said vacant real properties. Vacant real properties in the County would be subject to three (3) times the regular tax rate levied for State and County purposes for the year.

Background/Current Law:

State Law:

In the 2024 Regular Session of the General Assembly, under §6-202.1. of the Tax Code, the state granted "the governing body of a county may establish, by law, a subclass of real property consisting of vacant lots or improved property cited as vacant and unfit for habitation or other authorized use on a housing or building violation notice[2]". This enables the County to set tax rates on real property consisting of vacant lots or improved property cited as vacant and unfit for habitation and impose taxes on said vacant properties.

Relevant legislation from Other Jurisdictions:

The District of Columbia, in the "Fiscal Year 2011 Budget Support Act of 2010", established two new tax rates, one for vacant commercial and residential properties and one for "blighted" properties[3]. Vacant properties are taxed at $5.00 per $100 of assessed value, which is more than 5 (five) times the residential rate, and blighted properties are taxed at $10.00 per $100 of assessed value, or just under twelve times the residential rate within the District[4]. A blighted building is a vacant building that has been determined by the District's Department of Buildings to be "unsafe, insanitary, or which is otherwise determined to threaten the health, safety, or general welfare of the community[5]." In order for the District to successfully set up this new tax structure, the District also needed to set up a Vacant Property Registration System[6]. The purpose of the District's vacant

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[1] CB-044-2025
[2] View Document - Maryland Code and Court Rules (westlaw.com)
[3] Vacant Real Property | otr (dc.gov)
[4] Ibid
[5] Ibid
[6] D.C. Law 18-223. Fiscal Year 2011 Budget Support Act of 2010. | D.C. Law Library (dccouncil.gov)

property registration system was to create financial disincentives for property owners to leave their properties vacant, rather than putting them back into productive use[7]. In addition, it penalized those property owners who allowed their buildings to fall into such serious disrepair as to become a visual and physical blight on the neighborhood, as these buildings often pose a danger to the neighborhood. Blighted buildings also tend to have an adverse impact on the property values of inhabited properties nearby and on the morale of the community[8]. Mayor Bowser's FY 2018 budget included an additional $4.6 million for the purpose of supporting the District's Department of Consumer and Regulatory Affairs' (DCRA) ability to complete additional abatement activities for vacant and blighted properties[9].

Current Law:

In October of 2023, the County Council passed CB-080-2023, which created a Vacant Property Registry Program, which applies to unmaintained vacant real properties located in the County[10]. It provides for these properties to be placed on a vacant properties' registry list with a fine of $1,000 for the designation. The Department of Permitting, Inspections and Enforcement (DPIE) was responsible for developing, populating, and maintaining the registry[11]. DPIE was also required to develop an annual report that would be submitted to the County Executive and County Council on the status of the registry list and the properties on the list, to include: the County Council District and zip code of each vacant property; a summary of violations; the number of citations and the number of fines collected from each owner over the course of the previous calendar year[12]. Analysis completed at the time indicated that CB-080-2023 would probably have an adverse fiscal impact due to an increase in administrative costs in relation to staffing at DPIE to fulfill an increased number of inspections. At the same time, there was also the potential for a favorable fiscal impact associated with the collection of fines in relation to violations, as well as a potential increase in property taxes from previously abandoned properties over time[13]. At the time, DPIE had 4 (four) vacant housing inspectors for the entire County and stated that they would need ten (10) additional inspectors, plus vehicles, phones, and computers for those additional inspectors, as well as administrative staff to maintain the registry[14]. As of the FY 2025 budget, there are still only 4 (four) property standards code enforcement officers employed by DPIE[15].

The County Council also passed CB-080-2024 in November 2024. The Bill established a real property tax rate for properties consisting of vacant houses/buildings or improved property cited as vacant and unfit for habitation or other authorized use on a housing or building violation notice in accordance with the provisions of Sections 6-202.1 and 6-302 of the Tax-Property Article of the Annotated Code of Maryland.

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[7] Microsoft Word - FY2011 Vacant Property Guide _LKA edits_.doc (dc.gov)
[8] Ibid
[9] Vacant.Blighted.Report.9.21.17.pdf (dcauditor.wpenginepowered.com)
[10] Prince George's County Council - Reference No. CB-080-2023 (legistar.com)
[11] Ibid
[12] Ibid
[13] Ibid
[14] Ibid
[15] 2025 Fiscal Year Approved Budget | Prince George's County (princegeorgescountymd.gov)

Resource Personnel:

- Leroy Maddox, Legislative Attorney
- Preston Ross, Chief of Staff, Council District 8

Discussion/Policy Analysis:

CB-044-2025 would repeal and reenact with amendments Subtitle 10. *Finance and Taxation*. Section 10-173.00.01 of the Prince George's County Code. The current language states that "…, Prince George's County is establishing a special real property tax rate for a vacant houses/buildings or improved property cited as vacant and unfit for habitation or other authorized use on a housing or building violation notice and the assessment and the rate **will be determined by further enactment**". The proposed new language states that the rate "shall be subject to taxation for the full taxable year beginning on July 1 at three (3) times the regular tax rate levied for State and County purposes for the year".

Additionally, CB-044-2025 would create Section 10-173.00.02 "*Dedication of property tax on vacant real property"* to the County Code. The new section would state the following:

(a) The proceeds of the property tax imposed under Section 10-173.00.01 shall be used exclusively to improve literacy and mathematics outcomes in the lowest quartile Title I schools of the Prince George's County Public Schools (PGCPS) as identified based on the most recent Maryland Comprehensive Assessment Program.

(b) The proceeds provided under Section 10-173.00.01 of the Prince George's County Public Schools shall not be used to supplant any Federal, State, or Local funding currently designated for literacy and mathematics programs. The funds shall be used only to:

  (1) Create new literacy and mathematics intervention programs targeted toward students in the lowest-performing Title I schools or

  (2) Expand or enhance existing evidence-based literacy and mathematics programs to increase their reach or effectiveness within the lowest quartile Title 1 schools based on the Maryland Comprehensive Assessment Program.

  (3) Establish or expand existing evidence-based mentoring programs that reduce chronic absenteeism in the lowest quartile of Title schools based on the Maryland State Department of Education definition of a chronically absent student.

(c) The allocation of funds under this Section shall be determined by the Prince George's County Board of Education in collaboration with the County Council and shall require approval by formal resolution of the Board. The resolution shall specify the schools to receive funding, the programs to be supported or created, and the expected outcomes associated with the use of the funds.

(d)) The Prince George's County Board of Education shall submit an annual report to the County Council and County Executive detailing:

  (1) The allocation of funds by school and program; and

  (2) The performance metrics used to assess program impact; and

(3) A summary of progress toward improving literacy and mathematics outcomes among students served.

Fiscal Impact:

- *Direct Impact*

Once the rollout of the Vacant Property Registry Program occurs, the proposed legislation has the potential to provide an important new revenue stream for the County. However, this is intrinsic upon the successful establishment of the Vacant Property Registry Program. Furthermore, without that program, it is impossible to accurately estimate how much revenue the proposed legislation could provide to the County. However, an analysis of average home prices[16] [17], the residential property tax rate[18] [19] and the number of households in both the District and the County[20] [21], assuming that the rate of homeownership is consistent across both jurisdictions. This would lead to the conclusion that the County could expect slightly less revenue from the proposed legislation than the district receives through its vacant property tax, perhaps slightly more than $10 million[22], compared to the District's $14 million.

DPIE should be able to provide an updated estimate of the number of properties that could be subject to the increased rate. Once these properties are identified, their respective assessments could be determined, which would allow a reasonably precise estimate of the additional revenue that would result from the Bill.

- *Indirect Impact*

The enactment of CB-044-2025 may have a favorable indirect fiscal impact on the County, as more properties will be tended to or sold to avoid paying the higher rate. The rate will function as a disincentive to retaining ownership of disused or blighted property, which may have a favorable impact on the values of neighboring properties.

Effective Date of Proposed Legislation:

The proposed Act shall take effect forty-five (45) calendar days after it becomes law.

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[16] Prince Georges County, MD Housing Market: 2024 Home Prices & Trends | Zillow
[17] Washington, DC Housing Market: 2024 Home Prices & Trends | Zillow
[18] Taxes | Prince George's County (princegeorgescountymd.gov)
[19] The 5 Things To Know About DC Property Taxes (urbanturf.com)
[20] U.S. Census Bureau QuickFacts: District of Columbia
[21] Prince George's County, Maryland - Census Bureau Profile
[22] CB-080-2024

If you require additional information or have questions about this fiscal impact statement, please reach out to me via phone or email.