

PRINCE GEORGE'S COUNTY

Budget & Policy Analysis Division

September 9, 2025

FISCAL AND POLICY NOTE

TO: Colette R. Gresham, Esq.

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-010-2025 Vacant Property Tax Rate

<u>CB-010-2025</u> (*Proposed by:* Council Members Ivey, Harrison, and Burroughs)

Assigned to the Government Operations and Fiscal Policy Committee

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.

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-010-2025¹, proposed and sponsored by Council Members Ivey, Harrison, and Burroughs, was presented on February 11th, 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 two-and-a-half (2 ½) times the regular tax rate levied for State and County purposes twice a 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 notice²." 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" properties³. 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 District⁴. A blighted building is a vacant building that has been determined by District's Department of Buildings to be "unsafe, insanitary, or which is otherwise determined to threaten the health, safety, or general welfare of the community⁵." In order for the District to successfully set up this new tax structure, the District

¹ CB-010-2025

² View Document - Maryland Code and Court Rules (westlaw.com)

³ Vacant Real Property | otr (dc.gov)

⁴ Ibid

⁵ Ibid

also needed to set up a Vacant Property Registration System⁶. The purpose of the District's vacant property registration system was to create financial disincentives for property owners to leave their properties vacant, rather than putting them back into productive use⁷. 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 community⁸. 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 properties⁹.

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 County¹⁰. It provides for these properties 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 registry¹¹. 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 year¹². Analysis completed at the time indicated that CB-080-2023 would probably have an adverse fiscal impact due to an increase of 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 of property taxes from previously abandoned properties over time¹³. 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 DPIE¹⁵.

The County Council also passed CB-080-2024 in November of 2024, which 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

⁶ D.C. Law 18-223. Fiscal Year 2011 Budget Support Act of 2010. | D.C. Law Library (dccouncil.gov)

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)

in accordance with the provisions of Sections 6-202.1 and 6-302 of the Tax-Property Article of the Annotated Code of Maryland.

Resource Personnel:

- Leroy Maddox, Legislative Attorney
- Amy Fry, Chief of Staff, Office of Council Member At-Large Ivey

Discussion/Policy Analysis:

CB-010-2025 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 two and a half (2.5) times the regular tax rate levied for State and County purposes for the year".

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 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, 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, compared to the District's \$14 million.

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

DPIE should be able to provide an 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-010-2025 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.

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