

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 161
Ways and Means

(Delegate Ruth, *et al.*)

Budget and Taxation

Property Tax Credit - Retail Service Station Conversions

This bill authorizes local governments to grant a property tax credit for certain converted retail service stations. **The bill takes effect June 1, 2026, and applies to taxable years beginning after June 30, 2026.**

Fiscal Summary

State Effect: None.

Local Effect: Local property tax revenues may decrease beginning in FY 2027 to the extent the property tax credit is granted. Local expenditures are not affected.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: Local governments are authorized to grant a property tax credit against the county or municipal property tax imposed on real property if the use of the real property has been converted from a retail service station to another retail use, a residential use, or a mixed retail and residential use. “Retail use” does not include use by: (1) a discount store; (2) a self-service storage facility; (3) a licensed cigarette retailer; (4) a licensed other tobacco products retailer or tobacconist; (5) an electronic smoking devices retailer or a vape shop vendor; or (6) a holder of a Class A retail alcoholic beverages license. “Discount store” is a retail store that offers for sale (1) a combination and variety of convenience and consumer shopping goods and (2) the majority of the items in the inventory at a price not to exceed \$5. Local governments may provide for (1) the amount and duration of the property tax credit; (2) additional eligibility criteria for the property tax credit;

(3) regulations and procedures for the application and uniform processing of requests for the property tax credit; and (4) any other provision necessary to carry out the property tax credit. The tax credit may not be granted for real property unless underground storage tanks located on or formerly located on the real property have been permanently closed in accordance with regulations of the Department of the Environment.

It is the intent of the General Assembly that a property tax credit that is authorized be granted primarily to defray costs associated with the removal of underground storage tanks and the remediation of any contamination associated with underground storage tanks.

Current Law: Tax credits that may be authorized by local governments, against local property taxes only, are specified by law for various types of property. Currently, there are 73 optional property tax credits authorized by the General Assembly that are made available on a statewide basis. These credits are found in Title 9, Subtitle 2 of the Tax – Property Article and are listed in Appendix 1 of the [Guide to Local Government Taxing Authority](#).

Local Revenues: Local property tax revenues may decrease beginning in fiscal 2027 to the extent the property tax credit is granted. The amount of the revenue decrease depends on the number of converted retail service stations, the assessed value of each, local property tax rates, and the amount and duration of the property tax credit. The State Department of Assessments and Taxation reports that there are approximately 2,300 properties that are classified as a retail service station.

Small Business Effect: Small businesses involved in the conversion of retail service stations may be meaningfully impacted by the authorization of a property tax credit for retail service station conversion.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See HB 341 and SB 344 of 2025, HB 12 and SB 67 of 2024, and HB 889 of 2023.

Designated Cross File: SB 58 (Senator Brooks, *et al.*) - Budget and Taxation.

Information Source(s): State Department of Assessments and Taxation, Department of Legislative Services

Fiscal Note History: First Reader - January 19, 2026
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