

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 571
Economic Matters

(Delegate Allen)

Budget and Taxation

Nonprofit Housing Corporations - Taxes and Special Assessments Exemptions - Alterations

This bill alters the definition of “nonprofit housing corporation” and makes subsidiary entities of nonprofit housing corporations exempt from State and local taxes in the same manner as subsidiary entities of housing authorities are currently exempt. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: State property tax revenues decrease by an indeterminate amount beginning in FY 2027 depending on the number of nonprofit housing corporations qualifying for the tax exemption under the bill. State expenditures are not directly affected.

Local Effect: Local property tax revenues decrease by an indeterminate amount beginning in FY 2027 depending on the number of nonprofit housing corporations that qualify for the tax exemption under the bill. Local government expenditures are not directly affected.

Small Business Effect: None.

Analysis

Bill Summary: The bill alters the definition of nonprofit housing corporation for purposes of an existing tax exemption and expands the tax exemption to cover the additional entities included in the broader definition. Nonprofit housing corporation is defined to include a corporation: (1) incorporated under the laws of the State or authorized to do business in the State by the State Department of Assessments and Taxation; (2) recognized by the Internal Revenue Service as an organization described in § 501(c)(3) of the

Internal Revenue Code; and (3) organized and operated for the primary purpose of developing, owning, or operating safe and sanitary affordable housing.

The bill also specifies that the exemption of a nonprofit housing corporation from all taxes and special assessments of the State or a local jurisdiction does not apply to a housing project owned by a nonprofit housing corporation or an entity that is controlled or wholly owned by a nonprofit housing corporation that, before July 1, 2026, received a financial contribution, including a loan, grant, or other direct financial assistance for the development of the housing project from a local government in which the housing project is located.

Affordable housing is defined as rental housing: (1) that has been awarded or approved for a federal low-income housing tax credit (LIHTC) and is subject to a covenant under the LIHTC program; or (2) approved by the local jurisdiction in which the project is located and for which at least 50% of the units are reserved for households earning at or below 60% of the area median income for the metropolitan statistical area of the project and rent is restricted to 30% of gross household income for a family of four at or below 60% of the area median income for the metropolitan statistical area of the project, adjusted to 1.5 individuals for each bedroom in the unit.

Current Law: A nonprofit housing corporation is a nonprofit or charitable private corporation that provides safe and sanitary housing to persons of eligible income in such a way that the corporation works essentially like a housing authority.

Property that is used for essential public and governmental purposes and is exempt from all taxes and special assessments of the State or a political subdivision if the property: (1) belongs to an authority or a nonprofit housing corporation; (2) is used as housing for persons of eligible income and is owned in whole or in part, directly or indirectly, through one or more wholly or partially owned subsidiary entities of a housing authority entity; or (3) is used, or if planned or under construction will be used, as housing for persons of eligible income and is owned in whole or in part, directly or indirectly, through one or more wholly or partially owned subsidiary entities of a housing authority entity and has improvements, or has improvements planned or under construction, located on land that is owned by an authority or an entity that is controlled or wholly owned by an authority.

An authority, a nonprofit housing corporation, or a housing authority may enter into a payment in lieu of taxes agreement with a political subdivision in which a housing project is wholly or partly located.

State Fiscal Effect: State property tax revenues decrease by an indeterminate amount beginning in fiscal 2027 depending on the number of nonprofit housing corporations qualifying for the tax exemption under the bill.

Local Fiscal Effect: Local property tax revenues decrease by an indeterminate amount beginning in fiscal 2027 depending on the number of nonprofit housing corporations that qualify for the tax exemption under the bill.

Information on local property tax rates and revenues is provided in the [County Revenue Outlook Report](#). A copy of the report is available on the Department of Legislative Services [website](#).

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 369 (Senator Hettleman) - Budget and Taxation.

Information Source(s): Maryland Association of Counties; Maryland Municipal League; Department of Housing and Community Development; State Department of Assessments and Taxation; Department of Legislative Services

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