

Department of Legislative Services  
Maryland General Assembly  
2026 Session

FISCAL AND POLICY NOTE  
First Reader

Senate Bill 767

(Senator Ferguson)

Budget and Taxation

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Property Tax - Credit for Commercial Buildings Rented to Small Businesses

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This bill authorizes county and municipal governments to grant, by law, a property tax credit for a commercial building that is rented or rented to own, to a small business located in a specified arts and entertainment district or a main street designated community. Local governments may provide, by law, for: (1) the amount and duration of the tax credit; (2) additional eligibility criteria for the tax credit; (3) application procedures for the tax credit; and (4) any other provision necessary to carry out the tax credit. **The bill takes effect June 1, 2026, and applies to taxable years beginning after June 30, 2026.**

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Fiscal Summary

**State Effect:** None.

**Local Effect:** County and municipal property tax revenues may decrease beginning in FY 2027 to the extent that local jurisdictions grant the property tax credit. The amount of the revenue decrease depends on the number of small businesses that qualify for the property tax credit and the amount of tax credits provided. Local expenditures are not affected.

**Small Business Effect:** Meaningful. Small businesses that receive the property tax credit will benefit from reduced tax liabilities.

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Analysis

**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 Fiscal Effect:** County and municipal property tax revenues may decrease beginning in fiscal 2027 to the extent that local jurisdictions grant the property tax credit. The amount of the revenue decrease depends on the number of small businesses that qualify for the property tax credit, the amount of tax credits provided, and any other eligibility criteria established by local governments, none of which can be reliably estimated.

As a point of reference, there are 29 Arts and Entertainment Districts in the State, which are designed to help development, foster tourism, and revitalization in each district through various tax incentives, including an income tax subtraction modification, property tax incentives, and an admissions and amusement tax incentive exemption. A list of Arts and Entertainment Districts can be found on the Maryland State Arts Council website: [Maryland Arts Directory | Maryland State Arts Council](#). In addition, the [Main Street Maryland Annual Report for 2024](#) indicates that there are 34 designated main streets in Maryland as well as 9 affiliate main streets.

#### *County Property Tax Collections*

County governments are projected to collect approximately \$11.5 billion in property tax revenues in fiscal 2026, as shown in the [County Revenue Outlook Report](#). A copy of the report is available on the Department of Legislative Services [website](#).

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### **Additional Information**

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

**Designated Cross File:** HB 840 (Delegate Edelson, *et al.*) - Ways and Means.

**Information Source(s):** Department of Commerce; Maryland Association of Counties; Maryland Municipal League; Department of Legislative Services

**Fiscal Note History:** First Reader - February 15, 2026  
sj/hlb

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Analysis by: Michael Sanelli

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510