

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 774

(Senators Hershey and Zucker)

Budget and Taxation

Ways and Means

Property Tax - Payment in Lieu of Taxes Agreements - Broadband Service Providers

This bill authorizes county governments to enter into a payment in lieu of taxes (PILOT) agreement with broadband service providers. The bill specifies that for the term of any negotiated agreement, a provider's real and personal property located in the county is exempt from the county property tax. **The bill takes effect June 1, 2025, and applies to taxable years beginning after June 30, 2025.**

Fiscal Summary

State Effect: None.

Local Effect: County property tax revenues may decrease beginning in FY 2026 to the extent that specified property is exempt from tax and PILOT agreements are negotiated between county governments and broadband service providers. The amount of any decrease depends on the terms of each agreement. Any decrease in county property tax revenues will be mitigated by the negotiated PILOT agreements between the county government and property owners. Local expenditures are not affected.

Small Business Effect: Minimal.

Analysis

Bill Summary: An agreement for a negotiated PILOT must provide that, for the term specified in the agreement (1) the provider must pay to the county a specified amount each year in lieu of the payment of county real and personal property tax and (2) all or a specified

part of the provider's real and personal property located in the county is exempt from county property tax.

Current Law: A PILOT is an agreement between a jurisdiction and a developer, business, or landowner that substitutes a negotiated payment for annual real estate taxes that are traditionally due on a property. The [Guide to Local Government Taxing Authority](#) provides an overview on each county government's statutory authority to impose local taxes and establish tax credits and exemptions, including PILOTs.

Local Fiscal Effect: County property tax revenues may decrease beginning in fiscal 2026 to the extent that county governments enter into PILOT agreements with broadband service providers and property owned by these providers is exempt from county property taxes. The amount of any revenue decrease depends on the terms of each negotiated agreement. Any decrease in county property tax revenues will be mitigated by negotiated PILOT agreements between the county government and property owners.

The property tax is one of the leading revenue sources for county governments, accounting for 24.2% of total local revenues in fiscal 2023. In fiscal 2025, county governments are projected to collect approximately \$10.8 billion in property tax revenues, which represents a \$1.0 billion increase over a two-year period. Additional information on local property tax revenues can be found 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: HB 969 (Delegate A. Johnson, *et al.*) - Ways and Means.

Information Source(s): Maryland Municipal League; State Department of Assessments and Taxation; Department of Legislative Services

Fiscal Note History: First Reader - February 17, 2025
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