

NANCY J. KING  
Legislative District 39  
Montgomery County

MAJORITY LEADER

Budget and Taxation Committee

*Chair*  
Education, Business, and  
Administration Subcommittee



James Senate Office Building  
11 Bladen Street, Room 123  
Annapolis, Maryland 21401  
410-841-3686  
800-492-7122 Ext. 3686  
Nancy.King@senate.state.md.us

THE SENATE OF MARYLAND  
ANNAPOLIS, MARYLAND 21401

**Senate Bill 516 – Property Tax -Day Care Centers, Child Care Homes, and Child Care Centers**

March 25, 2025

Madame Chair and Members of the Ways & Means Committee:

Under current law counties are authorized to offer a tax credit for childcare providers' real property, and a similar credit is available for businesses that create on-site space for childcare. Neither tax credit (Tax-Property §9-213 and §9-214), has been changed since the 1980s, with the \$3,000 statutory cap on the provider credit having remained the same since 1989.

The current tax credits are of limited use due to the limitations on facility age and the low dollar amount which is set in state law. Montgomery County reports that only 5 childcare providers received the county's property tax credit in the most recent levy year (2023), with a total of just \$11,122 in childcare property tax credits awarded countywide.

To date, only four counties have taken advantage of one or both of the credits:

- Frederick County: offers the §9-213 credit for childcare providers
- Harford County: offers the §9-214 credit for businesses
- Howard County: offers both credits
- Montgomery County: offers both credits

In a December 2024 report by the Comptroller on the state of childcare, it was noted that Maryland has experienced a 15.5% decline in licensed childcare providers and a 5.5% decline in overall childcare capacity in just the past few years. Home-based childcare providers have experienced the most significant declines in that span, with a net loss of over 1,000 registered providers for an overall rate of decline of 21.6%.

Senate Bill 516 – which is enabling legislation – will do several things:

- Broadens two childcare-related property tax credits already allowed in state law so that any registered childcare provider or business that offers on-site childcare – regardless of the age of their building – could qualify for a local tax credit (subject to their county's specific implementing legislation).
- Raises the limit on the property tax credit for childcare providers (§9-213) from \$3,000 to \$10,000 and conforms the tax credit for businesses (§9-214) to the same limit.
  - Note: The existing caps on local tax credits are \$3,000 in Frederick (§9-213 credit), Howard (both credits), and Montgomery Counties (both credits) and \$10,000 in Harford County (§9-214 credit).
- Makes large family childcare homes eligible for both credits; childcare centers and family childcare homes are already eligible under current law.
- Exempts large family childcare homes from taxes on personal property; family childcare homes are already exempt under current law.

- Note: In 2022, the General Assembly raised the exemption from personal property assessment for all Maryland businesses from \$2,500 to \$20,000.
- Makes technical changes to certain references in the code, including adding Baltimore City to the provisions allowing all counties the authority to adopt additional eligibility criteria when implementing the credits.

The need for safe, quality childcare is more important than ever to build our economy by allowing parents to enter or return to the workforce and by promoting childcare businesses. This enabling legislation is just one more tool to help us meet those goals and so I respectfully request a favorable report on Senate Bill 516.