

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1168
Ways and Means

(Delegate M. Fisher)

Calvert County - Personal Property Tax - Exemption

This bill exempts specified personal property in Calvert County from taxation. **The bill takes effect June 1, 2021, and applies to taxable years beginning after June 30, 2021.**

Fiscal Summary

State Effect: None.

Local Effect: Calvert County personal property tax revenues decrease by \$2.3 million in FY 2021 and by \$2.4 million annually beginning in FY 2022. County expenditures are not affected. **The bill imposes a mandate on a unit of local government.**

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: The bill exempts all personal property in Calvert County from the county personal property tax except (1) operating personal property of a railroad or public utility; (2) property used to provide a cable television, data, or telecommunications service, including all fiber-optic and other cable wire systems, cellular telephone towers, and wireless appurtenances attached to or installed on cellular telephone towers; and (3) electronic instant bingo machines. Personal property that is subject to a specified payment-in-lieu of taxes agreement as of July 1, 2021, is subject to the county property tax on the termination of the agreement. In addition, the bill specifies that personal property of a nonessential business located in Calvert County is not subject to the county personal property tax in fiscal 2021.

Current Law: In Maryland, there is a tax on business-owned personal property that is imposed and collected by local governments. Personal property generally includes business property including furniture, fixtures, office and industrial equipment, machinery, tools, supplies, inventory, and any other property not classified as real property. To provide for uniform assessments, the State Department of Assessments and Taxation (SDAT) is responsible for assessing all personal property. Each county or municipal government is responsible for issuing the tax bills and collecting the tax. The tax year begins on July 1 and ends on June 30. The personal property tax has been a local tax exclusively since 1984 when the State tax rate on personal property was set at zero. County and municipal governments impose property taxes on business-owned personal property.

In Calvert County, the personal property tax rate is set at \$2.23 per \$100 of assessed value in fiscal 2021.

Local Fiscal Effect: Calvert County estimates that county personal property tax revenues will decrease by approximately \$2.3 million in fiscal 2021 and by \$2.4 million annually beginning in fiscal 2022. SDAT estimates that the Calvert County business personal property assessable base will total approximately \$130.0 million in fiscal 2021 and \$120.0 million in fiscal 2022.

Small Business Effect: Beginning in fiscal 2022, small businesses in Calvert County will not be subject to county and municipal personal property taxes with regard to certain business personal property.

Additional Comments: SDAT currently does not have data as to the amount of personal property owned by various telecommunications services referenced in the bill, nor does it have an estimated value of electronic bingo machines in the county. The State Lottery and Gaming Control Agency advises that there are 460 electronic bingo machines authorized at the following locations – Chesapeake Beach Resort and Spa (278), Abner’s Crab House (85), Traders (87), and American Legion Post #206 (10) – in Calvert County; however, the agency does not have data as to the assessed value of these machines.

Additional Information

Prior Introductions: Similar bills were introduced during the 2014, 2015, 2016, 2017, and 2018 sessions. HB 918 of 2018, HB 1426 of 2017, HB 434 of 2016, HB 69 of 2015, and HB 573 of 2014 each received a hearing in the House Ways and Means Committee, but no further action was taken. SB 841 of 2015 was assigned to the Senate Rules Committee, but no further action was taken.

Designated Cross File: None.

Information Source(s): Calvert County; State Department of Assessments and Taxation;
Department of Legislative Services

Fiscal Note History: First Reader - March 1, 2021
rh/hlb

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