

Department of Legislative Services

Maryland General Assembly

2025 Session

FISCAL AND POLICY NOTE

First Reader

House Bill 1160

(Delegate Fisher)

Ways and Means

Calvert County - Personal Property Tax - Exemption

This bill exempts specified personal property in Calvert County from taxation. **The bill takes effect June 1, 2025, contingent on specific terms and receipt of a specified payment in lieu of taxes (PILOT) agreement.**

Fiscal Summary

State Effect: None.

Local Effect: Potential decrease in Calvert County personal property tax revenues of approximately \$3.0 million annually contingent on a qualified data center locating in the county and entering into a PILOT agreement with the county government. County expenditures are not affected. **This 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.

The bill takes effect contingent on Calvert County entering into a PILOT agreement with the owner of a qualified data center. Calvert County must forward a copy of the agreement to the Department of Legislative Services (DLS) within five days after entering into the PILOT agreement.

The personal property tax exemption takes effect on the date that the notice is received by DLS, and applies to (1) all taxable years beginning after June 30 of that calendar year if the date on which the notice is received is before June 1 of the calendar year or (2) all taxable years beginning after June 30 of the following calendar year if the date on which the notice is received is on or after June 1 of the calendar year.

If notice of the PILOT agreement is not received by DLS on or before June 30, 2030, the bill does not take effect.

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 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.

Local Fiscal Effect: In Calvert County, the personal property tax rate is set at \$2.23 per \$100 of assessed value. Based on the fiscal 2025 county budget, the personal property tax will generate approximately \$3.0 million in county revenue. In addition, Calvert County is expected to receive a \$20.5 million payment from Exelon and a \$58.7 million payment from Dominion.

Under the bill, certain personal property in Calvert County would become tax exempt resulting in a significant decrease in county revenues. Based on the county's current adopted budget, the annual revenue loss could total approximately \$3.0 million. However, the mandated property tax exemption would only take effect upon a qualified data center locating in the county and entering into a PILOT agreement with the county government.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See HB 846 of 2022.

Designated Cross File: None.

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

Fiscal Note History: First Reader - February 24, 2025
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