

SEAT PLEASANT CONCERNED CITIZENS COMMITTEE

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Bill No: SB 491 – Property Tax – Taxation of Business Property – Tax Rates, Exemptions, and Credits

Committee: Budget and Taxation

Date: March 2, 2022

Position: Support

I am the Rev. John L Walker Senior, Associate Minister at Contee African Methodist Episcopal Zion Church, and a resident of Seat Pleasant Maryland for more than 50-Years I am here today on behalf of the Seat Pleasant Concerned Citizens Committee and myself. This testimony is submitted in support of SB 491. The Committee is concerned about the impact high business personal property tax has on the residents. In general, there seems to be no problem with the current law, however, in the case of Seat Pleasant, Maryland, the personal property tax rate is outrageous. A search through the Maryland Department of Assessment and Taxation database for personal property tax rates confirmed that Seat Pleasant has the highest business personal property tax rate in the State of Maryland. Excluding Seat Pleasant, personal property tax rates for the entire state range from \$.80 to \$2.65 per \$100 of assessed value, while the Seat Pleasant personal property tax rate is \$15 per \$100 assessed value which is more than five times higher than the maximum rate in the entire state. For examples of municipal business personal property tax rates.

In recent years, many businesses have relocated outside of the City of Seat Pleasant. It is our belief that the high personal property tax rate played a significant role in their decision to relocation. To illustrate my point, I'm speaking of businesses such as:

Safeway

CVS

Advanced Auto

Little Caesars Pizza

Check-Cashing

Rent-A-Center

Dry Cleaners

The Smile Shop (Dentists)

A Lingerie Shop, and

And most recently Bank of America has notified its Accountholders that it will close its Seat Pleasant Branch permanently in June of this year.

Seat Pleasant is a city with a large number of senior citizens., The relocation of these businesses outside of the city has created a hardship for many of our seniors who lack the transportation or the means to travel for the needed services.

An analysis of the 2021/2022 municipal tax rates listed on the MD Department of Assessment and Taxation website owed that about 144 municipalities levied personal property taxes. The highest applicable rate was \$15 per \$100 of assessment which was for the City Seat Pleasant located in Prince Georges County. And the lowest rate was determined to be \$.0080 per \$100 of assessment for the Cecilton located in Cecil County. The average rate charged for all municipalities in the state was \$1.07220. See the table below for a summary of the rate analysis:

Analysis of Personal Property Tax Rates in Maryland				
County	Number of Towns with Personal Property Tax Rates	Average Rate in County	Highest Rate in County	Lowest Rate in County
Allegany County	7	\$1.2423	\$2.6480	\$0.5800
Ann Arundel County	2	\$1.1581	\$1.9400	\$0.3762
Baltimore City	n/a	n/a	n/a	n/a
Baltimore County	n/a	n/a	n/a	n/a
Calvert County	n/a	n/a	n/a	n/a
Caroline County	10	\$1.0428	\$1.6500	\$0.4000
Carroll County	8	\$0.6681	\$1.1000	\$0.4000
Cecil County	6	\$0.8397	\$1.2100	\$0.0080
Charles County	3	\$0.5300	\$0.8000	\$0.0400
Dorchester County	9	\$0.9500	\$1.6900	\$0.3500
Frederick County	7	\$0.7071	\$1.5500	\$0.4100
Garrett County	5	\$0.7300	\$1.2000	\$0.5300
Harford County	3	\$1.5350	\$1.7050	\$1.2000
Howard County	n/a	n/a	n/a	n/a
Kent County	1	\$0.8000	\$0.8000	\$0.8000
Montgomery County	23	\$0.4609	\$1.5500	\$0.0300
Prince Georges County	27	\$1.8867	\$15.0000	\$0.0150
Queen Anne's County	7	\$0.5571	\$0.8500	\$0.2000
Somerset County	2	\$2.0000	\$2.2500	\$1.7500
St Mary's County	n/a	n/a	n/a	n/a
Talbot County	3	\$0.7633	\$1.3000	\$0.4500
Washington County	9	\$0.9013	\$2.5050	\$0.0121
Wicomico County	8	\$1.4900	\$2.5000	\$0.5000

Worcester	4	\$1.6650	\$2.0000	\$1.1400
Grand Total for State of Maryland	144	\$1.0722	\$15.0000	\$0.0080

Note 1: MD Dept of Assessment and Taxation 2021/2022 County & Municipal Tax Rates

Note 2: Analysis does not include rates for utility companies personal property taxes

Although various rates have been set for each municipality, they all have one common denominator which is their financial effect upon the business. For example in Seat Pleasant, businesses are being assessed with the highest personal property tax rate in the state at \$15 per \$100 of assessment and over time has become an impediment to economic development by forcing businesses providing essential services to residents to leave and discouraging others from coming into the city. Critical anchor stores located in the shopping centers such as Safeway, CVS and Advance Auto Parts closed their locations while others like Planet Fitness are unsure of whether they can stay due mostly to Seat Pleasant's excessively high tax rate. Some examples of the financial impact on the business in Seat Pleasant are listed below.

Samples of Seat Pleasant Personal Property Tax Invoice Amounts			
General Ledger Invoice Date	Invoice Number	Vendor	Amount
07/09/18	54	CVS Pharmacy	\$285,505.50
07/09/18	56	Planet Fitness	\$122,706.00
08/22/18	70	T-Mobile	\$39,432.00
10/18/18	79	Advance Auto Parts	\$63,600.00
10/19/18	88	Pepco*	\$529,935.00
10/24/18	89	Washington Gas*	\$246,517.50
11/05/18	91	Verizon	\$58,723.50
12/24/18	107	Popeyes Limited	\$28,894.50
01/10/19	110	Renal Care	\$32,074.50
03/13/18	263	RP Beauty Inc	\$11,991.23
06/04/19	129	Game Stop	\$5,428.50

** Source: Seat Pleasant Accounting System General Ledger; \$15 per \$100 of assessment

* Public Utility

We understand that lowering the personal property tax rate will introduce budgetary problems for some municipalities, however, there are other resources available that will offset the loss. For instance, the Red-light Cameras and Speed Cameras in the city where I live produce significant revenue that is carried over into the new year and can be used to replace the

revenue lost from the personal property tax. So can cut-backs on the unnecessary and waste spending.

For the reasons stated herein, The Seat Pleasant Concerned Citizens Committee urges a favorable report on SB 491. For further information, contact Rev. John L. Walker, Sr., Spokesperson for SPCCC, at rev_jlwalker@yahoo.com or call 301-922-5750.