



Maryland Municipal League

The Association of Maryland's Cities and Towns

TESTIMONY

March 2, 2022

Committee: Senate Budget and Taxation Committee

Bill: SB 491 – Property Tax – Taxation of Business Property – Tax Rates, Exemptions, and Credits

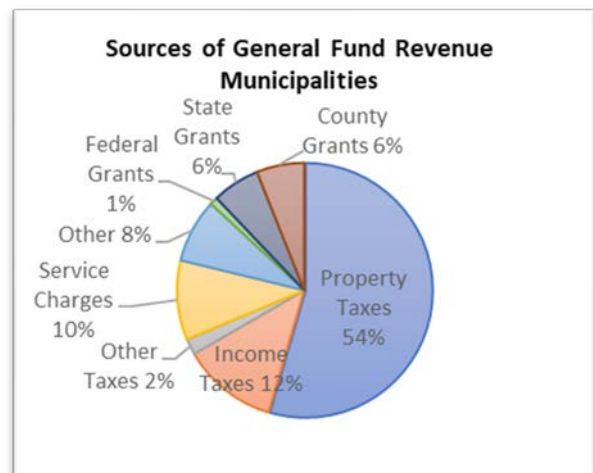
Position: Oppose

Reason for Position:

The Maryland Municipal League opposes SB 491 which would cap personal property tax rates at 2%, exempt most businesses from the personal property tax, and authorize a local government to provide a one-time credit against personal property taxes that have been paid since 2018.

Based on our research, this bill appears to address a hyper-local issue but would have a meaningful impact to the majority of Maryland's cities and towns. Only nine municipalities have a personal property tax rate over 2% and all but one is below 2.7%. As drafted, this bill would not only cap the rate a local government can charge for personal property tax, but it would also exclude all businesses except health clubs, fitness clubs, fitness centers, and health spas in every municipality. We are very concerned about the loss in revenues that would transpire as a result of the bill.

Municipalities are overdependent on property taxes to provide essential services for their residents. Over half of municipal general fund revenues are derived from property taxes, and for some, property taxes account for over 65% of total revenues. Local jurisdictions have little control over the other major sources of revenue, leaving municipalities with few options when fiscal challenges arise. Maryland's cities and towns



need alternative revenue sources to support new and existing programs that their residents look for them to provide.

The League's longtime stance is that local issues are best addressed with local solutions. Municipal government is the government closest to the people and residents have a several avenues to affect change, including the ballot box. One-size-fits-all solutions – like the one proposed here – will do more harm across the state than good.

The Maryland Municipal League therefore respectfully requests the Committee provide SB 491 with an unfavorable report.

FOR MORE INFORMATION CONTACT:

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