

Senate Written Testimony SB 491.pdf

Uploaded by: JOHN WALKER

Position: FAV

SEAT PLEASANT CONCERNED CITIZENS COMMITTEE

P.O. Box # 4489, Capitol Heights, MD 20791-4489

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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 included 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, business 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 impartment to economic development by forcing business providing essential services to residents to leave and discourging 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 off-set 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.

HB0491 (1).pdf

Uploaded by: Steven Franco

Position: FAV

Thank you for giving me the opportunity to speak.

My name is Steven Franco, I am a business owner and a property owner in Seat Pleasant, Md. I have been doing business in Prince Georges County, Md. for 45 years, 30 of those years in Oxon Hill. My store is Discount Mart. We provide goods and services at discount prices. We are especially known for school uniforms.

As you know the personal property tax rate in Seat Pleasant is 15% while the State of Maryland's average is 1%. This puts an undue burden on business in The City forcing some to leave. I know first hand regarding Advanced Auto's departure. They broke their lease. I was told by their landlord that " They had enough of The Government of Seat Pleasant"

Another aspect of Seat Pleasant's tax rate is it includes inventory. Most jurisdictions exempt inventory. CVS's tax bill includes tax on medicine and prescription drugs. Food is taxed in Seat Pleasant.

Regarding my business. This is difficult for us as we continue to struggle to keep prices down for our customers, many who are residents of The City. Ultimately they pay with higher prices to cover the tax.

Seat Pleasant is a good place to do business however the posture of the current administration is outright hostile to the business community. We have been pleading with them for 4 years with many business owners appearing at Council meetings.

The City's posture along with the tax rate will continue to stifle economic growth and development in Seat Pleasant.

I understand that The City opposes this legislation as it may have an adverse financial impact, however they caused this by gross government overreach and fiscal mismanagement. If they cannot sustain it, I recommend The City to be placed in a State receivership similar to what happened in The District of Columbia about 30 years ago. There was an appointed oversight board that brought DC back to fiscal stability.

I made an investment in Seat Pleasant, I bought a blight property, renovated it and opened a business, that serves the community. I've done me part. Please do yours.

Thank You,
Steven Franco
DMEA Inc.
Discount Mart
401 eastern Ave.
Seat Pleasant, Md. 20743
301-526-4153

Testimony-Property Tax - Taxation of Business Prop

Uploaded by: Senator Joanne C. Benson

Position: FWA

JOANNE C. BENSON
Legislative District 24
Prince George's County

Finance Committee

Joint Committees

Children, Youth, and Families

Ending Homelessness

Fair Practices and State Personnel Oversight

Management of Public Funds

Protocol



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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Testimony of Senator Joanne C. Benson

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

Good Afternoon Chair Guzzone, Vice-Chair Rosapepe, and The Budget and Taxation Committee members. I am here to present SB0491 Property Tax - Taxation of Business Property - Tax Rates, Exemptions, and Credits.

This regulation is significant for the local monetary development and monetary security of all entrepreneurs. The rate at which these businesses are being taxed surpasses what is fair and acceptable. Moreover, by not capping the costs that the tax rate allows, we are keeping businesses from settling in specific communities because of the incredible rate.

If this continues, no business will want to do business in Maryland, which will cause a plethora of different issues, such as food deserts and health enterprises in Maryland.

Additionally we should consider the strain many Marylanders will experience due to added travel costs and time required to find necessary businesses such as grocery stores, hospitals and fitness facilities.

This bill's design will prohibit the county tax rate and municipal tax rate to businesses individual property from surpassing a specific rate. This bill will permit economic development and growth inside Maryland, particularly after the monetary destruction Coronavirus has had on small businesses across the state in the last few years.

Thus, I respectfully urge the committee to issue a favorable report for SB0491.

Takoma Park 2022 - SB 491 UNF - Personal Property

Uploaded by: Jamal Fox

Position: UNF



CITY OF TAKOMA PARK, MARYLAND

SB 491
Oppose

Senate Budget and Taxation Committee

March 1, 2022

SB 491 Property Tax - Taxation of Business Property - Tax Rates, Exemptions, and Credits

City Contact: Jamal Fox, City Manager

Jamal.Fox@takomaparkmd.gov

The City of Takoma Park opposes SB 491, which exempts most businesses in Maryland from personal property taxes and limits personal property tax rates on businesses to \$2 per \$100.

Takoma Park has modest personal property tax rates that fall below the cap set in SB 491. However, exempting most businesses from personal property taxes will reduce the City's revenues by \$150,000 to \$160,000 annually. At a time when Takoma Park residents are struggling, city budgets are tight, the national economic forecast looks bleak, and inflation is high, city revenues are needed more than ever to provide necessary services to residents. Limiting personal property taxes to only health clubs, fitness clubs, fitness centers excludes most businesses from fair taxes on personal property.

For these reasons, the City of Takoma Park opposes SB 491, and urges an unfavorable vote.

SB 491_UNF_MML.pdf

Uploaded by: Justin Fiore

Position: UNF



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

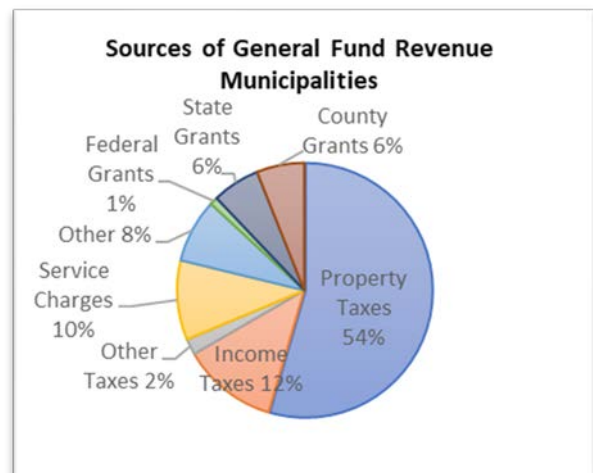
Position: Oppose

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:

Scott A. Hancock	Executive Director
Angelica Bailey	Director, Government Relations
Bill Jorch	Director, Research & Policy Analysis
Justin Fiore	Manager, Government Relations

SB0491-BT_MACo_OPP.pdf

Uploaded by: Kevin Kinnally

Position: UNF



Senate Bill 491

Property Tax - Taxation of Business Property - Tax Rates, Exemptions, and Credits

MACo Position: **OPPOSE**

To: Budget and Taxation Committee

Date: March 2, 2022

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **OPPOSES** SB 491. This bill would generally exempt all personal property from taxation, other than operating personal property of a railroad or a public utility and other specified property. In addition, the bill would arbitrarily cap county and municipal personal property tax rates.

This bill would drastically undermine county revenue structures and deplete limited local funds for schools, public health, public safety, roadway maintenance, and other essential public services for Maryland families.

Current law authorizes counties and municipalities to set a personal property tax rate at no more than 2.5 times the rate for real property. SB 491 would exempt all personal property from taxation, other than operating personal property of a railroad, public utility, health club, fitness club, fitness center, or health spa. In addition, the bill would cap county and municipal personal property tax rates at \$2 per \$100 of assessment. Further, the bill would authorize local governments to grant a property tax credit for businesses subject to the personal property tax, as specified under the bill.

MACo is concerned with the carryover county fiscal effects of this legislation and would prefer approaches that provide local autonomy to determine the best way to provide these incentives, rather than those that mandate reductions in local revenue sources. Counties, led by their elected leaders who are directly accountable within the community, are in the best position to make decisions on local affairs – ranging from land use to budget priorities.

Counties stand ready to work with state policymakers to develop flexible and optional tools to create broad or targeted tax incentives, but the significant costs of this bill are simply untenable. Cuts of this magnitude on essential government services would wreak havoc on public health, education, public safety, and quality of life for shared constituents. Accordingly, MACo urges the Committee to issue an **UNFAVORABLE** report on SB 491.

SB0491.docx (1).pdf

Uploaded by: Director Michael Higgs

Position: INFO

LARRY HOGAN
Governor

BOYD K. RUTHERFORD
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HEARING DATE: March 2, 2022

BILL: SB0491

TITLE: Property Tax - Taxation of Business Property - Tax Rates, Exemptions, and Credits

SDAT POSITION: Letter of Information

The State Department of Assessments and Taxation (SDAT) notes that SB0491 is nearly impossible to implement.

SDAT is unsure how this legislation could be implemented as the department's current business type codes do not differentiate by industry. Property listed in the bill under (2) and (3) is not within separately defined classes of personal property and cannot be treated differently than the defined class of "all other personal property" TP §8-101(c)(7).

SDAT is unable to predict the impact of this legislation because metrics contained within are not aligned with the current annotated code or with SDAT's personal property system. The bill attempts to tax a class of property that is not separately defined by law.

SDAT is greatly concerned with major impacts to IT under a timeline that would require multiple emergency procurement contracts.

For these reasons, SDAT offers this Letter of Information and strongly urges a reconsideration of SB0491 in its current form.