



## House Bill 215

### *Personal Property Tax - Depreciation of Assessed Value*

MACo Position: **OPPOSE**

To: Ways and Means Committee

Date: February 1, 2022

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **OPPOSES** HB 215. This bill would conform Maryland's personal property depreciation schedule with federal law, which allows taxpayers to fully depreciate the value of certain personal property.

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

Subject to numerous exemptions, current law authorizes local governments to impose a tax on business personal property. Inventory is valued at its "fair average value," which means the lower of cost or market value. All other personal property, including office furniture, fixtures, equipment, and plant machinery, is valued at "full cash value." The State Department of Assessments and Taxation applies uniform rates of depreciation to the cost of the property to determine full cash value, as guided by state law.

HB 215 proposes to dramatically alter the longstanding personal property depreciation schedule without sufficient justification. Under current statute and regulations, personal property generally depreciates over an eight-year cycle. Following the eighth year, the property remains at 25 percent of value and is assessed on this percentage of value until the property is no longer in use. Many classes of personal property have a life span of much greater than eight years.

Counties are willing to work with state policymakers on efforts to reduce burden on businesses through the personal property valuation processes. However, the significant costs of this bill are simply untenable. Cuts of this magnitude on essential government services would wreak havoc on public health, public safety, education, and quality of life for shared constituents.

For these reasons, MACo urges the Committee to issue an **UNFAVORABLE** report on HB 215.