



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

January 28, 2022

Chair: Delegate Vanessa E. Atterbeary
Vice Chair: Delegate Alonzo T. Washington
6 Bladen Street Room 131
House Office Building
Annapolis, Maryland 21401

To the Distinguished members of the Ways and Means Committee, Chair Vanessa Atterbeary and Vice Chair Alonzo Washington thank you for the opportunity. It is with great pleasure to bring before you a bill that supports small businesses across our great state. I frequently refer to small businesses as the heart and soul of my District and am proud to support them as they have supported our communities in countless ways. I humbly appreciate the opportunity to expound on behalf of this bill and appreciate the hopeful consideration of a favorable report.

Business Personal Property Tax, often referred to as Personal Property, is an assessment against businesses set by the Counties and administered by The Department of Assessments and Taxation (SDAT). Currently, all Maryland counties except for Caroline, Dorchester, Frederick, Garrett, Kent, Queen Anne, and Talbot County assess Business Personal Property. There is no state personal property tax, so this bill does not impact state revenues.

The purpose of HB268 “Property Tax - Exemptions for Business Personal Property - Alterations” is to help small businesses get rid of the burden of filing personal property tax returns with SDAT. It can be quite expensive for a business to file a personal property tax return as an accountant is often required to generate and file this annual return.

In many instances the tax assessed is lesser than the expense of complying with the filing. HB268 helps alleviate a burdensome and inefficient compliance requirement.

By way of example, the average tax bill for businesses in Anne Arundel County is \$80. The number is even less for Montgomery County, where the average tax bill is \$59. By contrast the accounting fees to generate and file the report commonly exceed \$500.

The fiscal note was written to indicate the maximum amount of anticipated losses by the counties. Actual losses may be much less. For instance the fiscal note reflects that every business has \$20,000 of Taxable Property. However, if businesses own \$10,000 to \$19,999 of Taxable Property the fiscal impact would be lesser.

It is important to also highlight that the majority of Personal Property revenue comes from Public Utilities/Railroads. No changes have been made to their taxes.

I worked very closely with SDAT in crafting this bill, and HB268 has no fiscal impact on the Department. In fact, The Department expects some reduced expenditures for not having to store the exempted returns. The Department has also indicated that there will be significant savings related to SDAT not having to assess these returns, allowing SDAT to reallocate resources to where they're needed the most: audit functions and assessing returns faster.

In total, this bill would exempt over 14,000 small businesses from filing a Business Property Tax return with SDAT.

Thank you,

Delegate Shaneka Henson

A handwritten signature in cursive script, appearing to read "Shaneka Henson".