

HB268.2022.pdf

Uploaded by: Ben Birge

Position: FAV



January 28, 2022

The Honorable Vanessa E. Atterbeary, Chair
House Ways and Means Committee
House Office Building, Room 131
6 Bladen St,
Annapolis, Maryland 21401

Re: Support for House Bill 268

Chair Atterbeary, Vice Chair Washington and Members of the Ways and Means Committee:

The Anne Arundel Economic Development Corporation requests a FAVORABLE REPORT on House Bill 268.

The bill would change the eligibility for exemptions from property tax filings with the State Department of Assessments and Taxation. Increasing the maximum assessment from \$10,000 to \$20,000 will increase the number of home-based businesses that will be able to lower their tax burden.

The global pandemic caused many people working in traditional jobs to reassess the type of job they would like to do and many chose to start home-based businesses. This bill would provide relief for those businesses in the early phases. Home-based businesses are already prominent. In Anne Arundel County about three quarters of all businesses report no employees and many of those are independent proprietors working out of their home.

Thank you for your attention to this matter and for a FAVORABLE REPORT on House Bill 268.

Sincerely,

A handwritten signature in black ink, appearing to read "Ben Birge".

Benjamin J. Birge
President/CEO

Delegate Letter ELECTRONIC. Small Business Bill In

Uploaded by: Delegate Henson

Position: FAV



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".

HB0268-WM_MACo_SUP.pdf

Uploaded by: Kevin Kinnally

Position: FAV



House Bill 268

Property Tax - Exemptions for Business Personal Property - Alterations

MACo Position: **SUPPORT**

To: Ways and Means Committee

Date: February 1, 2022

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** HB 268. This bill would deliver meaningful tax relief for small and home-based businesses amidst pandemic-driven economic uncertainty.

The swift and unprecedented shock of the COVID-19 public health crisis wreaked havoc on the economy. As the focus shifts to restoring our state and local economies in a manner that is safe, equitable, and prosperous for all, counties are eager and committed partners in promoting economic growth and creating opportunity.

Current law generally authorizes local governments to impose a tax on business personal property. However, an individual's business personal property is exempt from taxation if it is used in connection with a home-based business and had an original cost of less than \$10,000. Additionally, a person's business personal property is not subject to valuation or tax if it had a total original cost of less than \$2,500.

HB 268 would exempt business personal property with a total value of less than \$20,000 from valuation and taxation. In addition, the bill expressly prohibits the State Department of Assessments and Taxation from collecting personal property information or requiring a person to file a personal property tax return if the individual attests to owning less than \$20,000 in business personal property.

Strengthening Maryland's small businesses contributes directly to the growth of local, state, and national economies. This in turn creates jobs, contributes to enhancing quality of life, and expands the local tax base – enabling counties to better provide core services for Maryland families and businesses.

Accordingly, MACo urges the Committee to issue a **FAVORABLE** report on HB 268.

HB 268_MDCC_Property Tax - Exemption for Business

Uploaded by: Maddy Voytek

Position: FAV



LEGISLATIVE POSITION:

Favorable

House Bill 268

Property Tax - Exemptions for Business Personal Property – Alterations

House Ways and Means

Tuesday, February 1, 2022

Dear Chairwoman Atterbeary and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 5,500 members and federated partners working to develop and promote strong public policy that ensures sustained economic recovery and growth for Maryland businesses, employees, and families.

HB 268 would alter the eligibility for exemptions from the personal property tax for personal property of a home business or personal property with a total original cost below \$20,000. The bill also prohibits SDAT from collecting the property information or requiring the submission of a personal property tax return from businesses that qualify for the personal property tax exemption.

Small businesses are the backbone of Maryland's economy, and many are still working to recover from the COVID-19 pandemic. Proposals such as HB 268 provide real relief to small businesses and individuals in the State by modestly increasing the maximum total of personal property (excluding vehicles) that is exempt from taxation to \$20,000. In addition to this, HB 268 also removes the burden that an individual must submit a personal property tax return if they qualify for the exemption.

HB 268 is a great example of government supporting small businesses and consumers by taking a proactive approach to targeted economic recovery. As inflation continues to rise, many small businesses and individuals are finding it harder to remain under the current \$10,000 threshold. This bill would help ensure that small businesses continue to thrive and stay in Maryland.

The Maryland Chamber of Commerce respectfully requests a **favorable report** on **HB 268**.