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February 24, 2023

IN OPPOSITION TO HB 896

The Honorable E. Atterbeary, Chairperson
Ways and Means Committee
Maryland House of Delegates
House Office Building, Room 130
Annapolis, MD 21401

Re: House Bill 896 – An Act Concerning the Property Tax Appeals – Commercial and Industrial Property - Fees

Dear Chairperson Atterbeary and Members of the Committee,

I would like to submit this written testimony in opposition to House Bill 896.

You may be interested to know that, in many cases after debt service (loan payments), the largest operating expenses for many commercial and industrial property owners in Maryland are the property taxes. My firm represents commercial and industrial property owners in property tax assessment appeals. While I have a varied practice, many of my appeals are for properties with an assessment valuation between \$1,000,000 and \$2,000,000. We represent the property owner who runs a small business out of a small warehouse building or office space. My clients are, in most cases, not mega-corporations, but plumbers, building contractors, HVAC repair, small manufacturing, insurance salesmen, liquor stores, small car lots, convenience stores and gas stations, and accountants, etc. They are in effect the lifeblood of our community.

In a property tax appeal, under Maryland law the property tax assessment set by the Maryland State Department of Assessments and Taxation is presumed correct and valid. The property owner carries the burden to prove that the State has made an error in valuation at every level of appeal. This requires that a property owner not only challenge the assessment, but also prove to the appealing authority (the Property Tax Assessment Appeals Boards, Maryland Tax Court and any other appeal authority outlined in the legislation) that an error was made in the assessment. Under this proposed legislation, not only will these small businesses have to go to the costs and expenses of hiring experts to challenge that presumption of validity in valuation held by the State, but they will also have to pay a fee for the ability to even file the appeal. That appears to further skew a process which many clients believe already is too greatly weighed in favor of the State.

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My clients employ thousands of Marylanders and they are trying to escape the economic ramifications of the COVID pandemic. They are additionally faced with the worst inflation pressure of the last 40 years. Additionally, the reality of rising interest rates leaves the entire economy facing what appears to be an inevitable slowdown or recession. This certainly is not the time to increase the costs of doing business in Maryland by imposing a fee on their ability to challenge a property tax assessment.

Others in opposition to HB 896 have done a much deeper and in-depth study of the proposed legislation. It certainly would appear that if new funding sources are required, a comprehensive approach should be undertaken instead of one that seems to be targeted at small commercial and industrial property owners.

In these difficult economic times, it would appear the General Assembly should be working to ease the burdens of small business. The levying of a fee to exercise your right to challenge your property tax assessment appeal seems incongruent with our efforts to improve access to justice. As Marylanders welcome a new Governor and a new General Assembly, it is challenging to believe that one of their initial efforts is to limit small businesses' ability to do business in Maryland.

Sincerely,

A handwritten signature in blue ink, appearing to read "William J. Monks".

William J. Monks

WJM/djr