



Prince George's County Municipal Association
An Association of 27 Municipalities



March 28, 2023

Senate Bill 116 – Property Tax – Municipal Corporation Business Personal Property Tax Rate – Alterations

House Ways and Means Committee

Position: OPPOSE

The Prince George's County Municipal Association (PGCMA) opposes Senate Bill 116 which would cap municipal personal property tax rates at 3.75%, require 20% of state aide to be withheld if a jurisdiction is more than a year late with their audit, and require a State-directed audit of a single jurisdiction.

This bill appears to address a hyper-local issue but if passed would limit municipal authority generally. 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. They have even fewer levers to navigate tax equity.

For municipalities, the personal property tax rate can operate like the State or county's progressive income tax code or corporate taxes, creating opportunities for both tax fairness and relief to everyday residents who are largely burdened by real property taxes.

PGCMA affirms that local issues are best addressed with local solutions. Municipal government is the government closest to the people and residents have several avenues to affect change, including the ballot box.

PGCMA is also concerned about the Senate addition to the bill that would require 20% of all State aide be withheld from a jurisdiction if their local audit is more than one year late. This phenomenon usually happens under extraordinary circumstances, where someone abused the power of their office, or did such a poor job keeping records that the work to actually complete an audit that meets industry standards is incredibly challenging once they are removed. It is unfair to punish the remaining governing body and residents who are trying to recover from such an incident by mandatorily withholding vital community funding.

PGCMA therefore respectfully requests the Committee provide SB 116 with an unfavorable report.

Melinda Mendoza, President
The Prince George's County Municipal Association
President@thepgcma.com

For more information call or email:

Therese M. Hessler | 301-503-2576 | therese@ashlargr.com