

Board of County Commissioners

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Carroll County Government Briefing Paper November 17, 2023 Carroll County Delegation

Subject: Legislative Initiative – Holding Permits for Unpaid Personal Property Taxes

Introduction: Personal property generally includes furniture, fixtures, office and industrial equipment, machinery, tools, supplies, inventory, and any other property not classified as real property. In Maryland, the tax on business-owned personal property is assessed through the Department of Assessments and Taxation and then imposed and collected by Carroll County Government.

Summary: On September 21, 2023, in an effort to collect delinquent taxes, the Carroll County Board of Commissioners approved the policy to reserve the right to withhold the issuance of permits requested by business owners that have unpaid assessed personal property taxes.

Background: Carroll County does not currently have an efficient or effective mechanism to hold businesses responsible for unpaid property taxes, therefore businesses can continue to operate without penalty for failure to pay this tax. Currently, the only option to enforce payment of these taxes requires the County Attorney's Office to pursue a court proceeding which is slow, expensive, and if successful, leads to the sale of equipment with little or no monetary value. This option adds considerable administrative expense to the county.

Rationale:

- Currently, the County has the authority to withhold issuance of a trader's license or liquor license if a business has an open personal property tax bill.
- Requiring all business requesting permits to pay all taxes, would eliminate costly court proceedings.
- Without this in place, businesses are allowed to continue to operate without penalty for failure to pay their personal property taxes.
- This action would also:
 - treat all businesses fairly and equitably
 - save staff time and resources

CARROLL COUNTY

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- show a good faith effort to assure county citizens that businesses obtaining permits are in good standing with the county

Permits Process Comparison:

Current Process	Proposed Process
Business has outstanding taxes	Business has outstanding taxes
Business applies for permit	Business applies for permit
Permits and Inspections standard process	P&I inspects delinquent list
Permit approval	Notify business of denial of permit

Statistics:

- In FY23, the Comptroller’s Office went to the Board of Commissioners regarding personal property tax bills over \$5,000 - 6 accounts equaling \$58,356.07 were written off. In addition, the County wrote off another 121 accounts that were under \$5,000 and totaled \$67,626.07 going back to FY14.
- Currently, the county has 130 outstanding personal property tax bills spanning from 2008 to July 2022, this is the current time span of open personal property tax bill on the county’s books. These are 130 unique businesses with multiple open bills.
- After cross referencing with types of business and businesses that have open personal property tax bills, the county can reasonably deduce that potentially 43 of these businesses could pull a permit to do business in the county.

Request: The Carroll County Commissioners request your support and ask the Carroll County Delegation to submit legislation to the Maryland General Assembly for consideration.